

Report submitted to the  
United States Agency for International Development

**Transition Year Technical  
Assistance for Municipal  
Development in Honduras (II)**

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**FINAL REPORT**

**Performance Results #4 and #5**

**Rating System and Analysis of Pilot  
Application in Municipalities and  
*Mancomunidades***

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Task Order 808 of USAID Contract No.  
AEP-I-00-00-00016-00

Decentralization, Participatory Government, and  
Public Management -- Rapid Response  
Indefinite Quantity Contract (IQC)

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**July 2004**



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## Acronyms and Abbreviations

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CODEM	<i>Consejo de Desarrollo Municipal</i>
CRA	<i>Mancomunidad Consejo Regional Ambiental</i>
EU	European Union
FTE	full-time equivalent
M&E	monitoring and evaluation
MAMUCA	<i>Mancomunidad de Municipios del Centro de Atlantida</i>
MANOFM	<i>Mancomunidad de Municipios del Norte, Oriente y Occidente de Francisco Morazán</i>
NGO	nongovernmental organization
O&M	operation and maintenance
PR	performance requirement
Q <sub>M</sub>	sustainability quotient for <i>mancomunidades</i>
Q <sub>m</sub>	sustainability quotient for municipalities
<i>Sec. Gobernación</i>	<i>Secretaría de Gobernación y Justicia</i>
SO	strategic objective
T.C.	Transparency Committee
UNDP	United Nations Development Program
USAID	United States Agency for International Development



# 1.0 Background and Introduction

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USAID/Honduras' strategy for providing technical assistance to municipalities will focus on those municipalities that have the political will and that will make best use of the assistance.

In this context, Performance Requirement (PR) #4 of the Transition Year Technical Assistance to Municipalities in Honduras (II) developed a rating system of municipal government and *mancomunidad* performance that can be used by the Mission to identify potential municipalities and *mancomunidades* for future municipal development technical assistance. These ranking variables were required to be measured from easily obtainable data sources appropriate for the different types of municipalities (A, B, C, D stratification) and *mancomunidades*.

PR #5 developed a methodology for implementing the rating system, designed a management system for collecting and updating the data, and tested the rating methodology in (at least) three type B municipalities, three type C municipalities, three type D municipalities, and two *mancomunidades*.

The results of the rating system are to be used in three ways, as:

- ranking variables to select municipalities/*mancomunidades* for technical assistance,
- potential performance monitoring indicators, and
- a key to other strategic objectives (SOs) to answer the question, "What kind of municipality/*mancomunidad* is this?"

The work was carried out by an ARD, Inc. team comprised of Mr. José Larios, Team Leader and Senior Technical Advisor; Dr. Lynnette Wood, Program Development Specialist; Mr. Juan Pablo Revas, Deputy Team Leader and Social Development Specialist; Lic. Mario S. Cáceres, Municipal Development Specialist; and Lic. Ricardo Valle Sabillon, Municipal Development Specialist.

The team's approach was to carry out PRs #4 and #5 simultaneously, developing the ranking variables and the methodology and management system in parallel. Not only did this ensure efficient use of the team members' time, but it had the added benefit of allowing them to test the variables within a partially operational context. Section 2.0 introduces the methodology for addressing these two performance requirements.

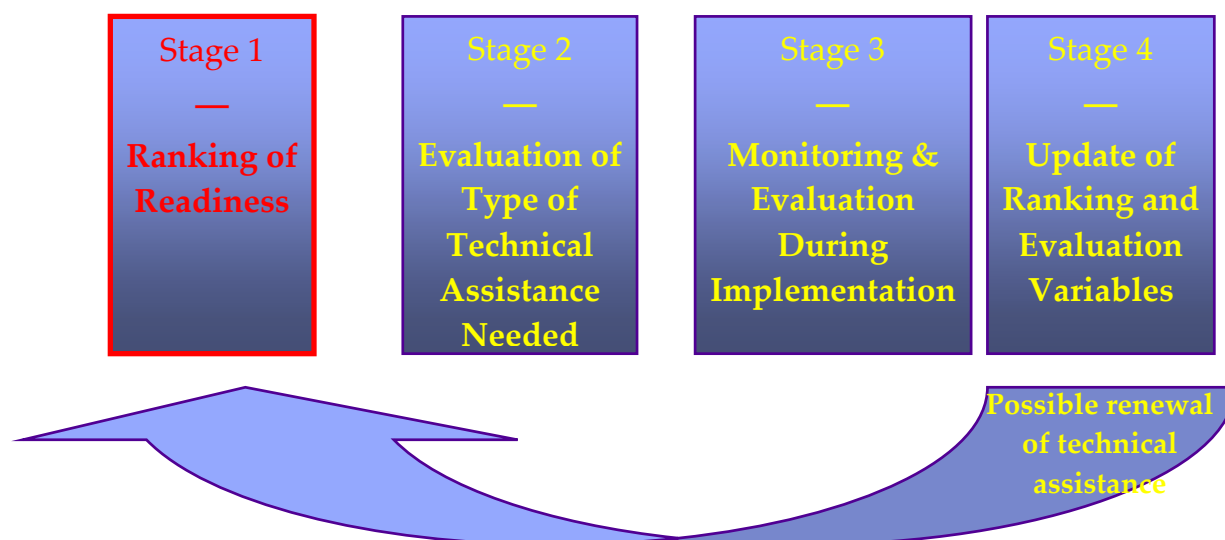
Section 3.0 describes the final set of municipality ranking variables. Section 4.0 presents the final set of *macomunidad* ranking variables. In addition, the ARD team was tasked to capture some basic information about each municipality/*macomunidad* that could be used to answer the question "What kind of municipality/*mancomunidad* is this?" This additional information is presented in Section 5.0.

Section 6.0 presents the management system for collecting and updating the data in the format of a "Users Manual." Supplementary information for all of these sections is presented in the annexes.

During the course of the work it quickly became clear that the ranking system designed as a result of this work would be the first step in a multiple-stage process. Stage 1, the "Assessment Stage," would consist of a "quick look" set of quantitative "ranking variables" to give USAID insights into a municipality's or *mancomunidad*'s "state of readiness" for receiving and making good use of its technical assistance. Stage 2, the "Evaluation Stage," would consist of an evaluation methodological and "tactical" variables that could help USAID evaluate what types of technical assistance were most appropriate for a particular municipality or *mancomunidad*. Stage 3, the "Monitoring and Evaluation (M&E) Stage," would use performance-monitoring indicators during the implementation of the project to monitor and evaluate

progress. And Stage 4, the “Update Stage,” would provide information that would allow USAID to evaluate possible renewal of the technical assistance. This process is shown graphically in Figure 1 below.

**Figure 1. Stages in the Technical Assistance Ranking System**



Performance Results #4 and #5 cover only Stage 1 of this process. However, in the process of this work, the ARD team considered numerous variables that would be appropriate for use in Stages 2 and 3. These are listed in Annex E. The team also realized that some of the same variables could be reused at different stages. For instance, some of the ranking variables and “tactical” variables could also be used as performance monitoring indicators during project implementation. These are also presented in Annex E.



## 2.0 Methodology

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The ARD team began its work by collecting a long list of potential ranking variables. These came from a review of documents; discussions with USAID, other donors, and NGOs; the conduct of several brainstorming sessions with experts in the field; and the team members' own experience. Proposed variables and the resulting instruments developed were field tested in two phases:

**Phase I:** Testing potential ranking variables. Two field tests were conducted to evaluate and refine or eliminate potential ranking variables. This phase used an interview protocol as a tool for discussion with mayors and their staff, and with *mancomunidad* directors and their staff, to determine which variables would satisfy selection criteria as discussed below.

**Phase II:** Testing final instruments. Once the ranking variables were selected and refined, two additional field tests were conducted to test the final instruments that would be used operationally to collect the data and information for ranking municipalities and *mancomunidades*. This second set of field tests were designed to validate the clarity of the questions and the adequacy of the response categories, and thereby to improve the usefulness of the instrument. Although some fine-tuning of the variables also resulted from an analysis of the information gathered during the course of this phase, this was not the primary purpose of Phase II.

### Phase I: Testing Potential Ranking Variables

#### First Field Test

Using an interview protocol (Annex A) to guide the discussions, the ARD team visited six municipalities and the technical unit of one *mancomunidad* during the period of 24-26 February 2004. These included:

- Talanga, Francisco Morazan (municipality type<sup>1</sup> B);
- Guaimaca, Francisco Morazan (type B);
- Ville de San Francisco, Francisco Morazan (type C);
- La Esperanza, Intibuca (type B);
- Yamaranguita, Intibuca (type C);
- Yuscarán, El Paraiso (type C); and
- *Mancomunidad de Municipios del Norte, Oriente y Occidente de Francisco Morazán* (MANOFM).

**Municipalities:** It is commonly held that the municipal types A, B, C, D are all different. While indeed each municipality is certainly unique, the team found that this statement is somewhat misleading. Based on initial visits, and confirmed during later visits, the team found that municipalities have many things in common:

- Operational processes and procedures were often flawed, regardless of whether they were paper-based or computerized.
- Staff ability to extract information from data was weak, regardless of whether the data were paper-based or computerized.
- Staff that mayors considered as “key” to municipal operations always included the Accountant, Cadastre, Tax Department, and the Municipal Secretary.

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<sup>1</sup> The municipal categories (types) in this list were taken from a spreadsheet provided to the ARD team by USAID, now included as part of the Excel-based Data Management System.

- Mayors often inherited problems from previous administrations, including debt, missing financial records, and incompetent staff.
- Staff depart with each new administration, often on their own (i.e., not waiting to be fired). Thus, staff turnover is always high, often 100%, even in cases where the incoming mayor is from same political party as the outgoing mayor.
- Tax collection is based almost exclusively on voluntary compliance.
- The *comisionados municipales* were equally disengaged everywhere.

These findings had important implications for operationalizing the methodology. For example, for the ranking variables to be generally applicable, sources of data and information that could be reliably found for any (or at least most) municipalities needed to be identified. The ARD team had hoped to use the *comisionados municipales* as a source for data and information about municipal governments' ability to engage civil society, as well as a source for verification for information gleaned from the mayor on this topic. Through the interviews, however, the team found that in almost all cases the *comisionados municipales* would be neither a good source for data nor a good source for verification. As a result, it was necessary to look elsewhere for data and verification sources, or to delete proposed variables altogether when no other reliable source could be found.

Similarly, municipal staff's weak ability to extract information from data caused the team to reconsider the level of abstraction of information that could be directly requested from mayors and their staff. For example, in most cases neither the mayor nor his staff could answer questions about the percentage of revenue that goes to staff salaries. In some cases, neither the mayor nor his staff knew the number of taxpayers existing for a particular type of tax, or the number of filers. The information needed to compute these values was often available in budget sheets and from other sources that were provided to the team, so the team members revised their questions to ask for that underlying data rather than for the values derived from them.

**Mancomunidades:** The ARD team was careful not to make conclusions about the *mancomunidades* based on the single sample visited during the initial field test. Instead, the number of *mancomunidades* visited during subsequent field tests was increased.

## Second Field Test

The ARD team used the results of interviews during the first field test and further discussions with USAID to add, remove, and modify the list of potential ranking variables, and to sort the list into categories. During the week of 22-25 March, the team field-tested a "short list" of potential variables to check data availability, reliability, and relevance, and to remove redundancy.

During this period, the team visited six municipalities and three *mancomunidades*, traveling to a different part of the country to test their working hypotheses in a different socioeconomic environment. Municipalities that had never had the benefit of any foreign donor technical assistance were visited to capture the full range of municipal development in the country. This information would be particularly important for setting the thresholds in the final set of ranking variables. The team also wanted to visit some type A municipalities, since this type had not been adequately covered during the first field test. The municipalities and *mancomunidades* visited during the second field test were:

- Potrerillos, Cortes (type A);
- Villanueva, Cortes (type A);
- San José de Colinas, Santa Barbara (type B);
- Arizona, Atlantida (type C);

- San Manuel, Cortes (type B);
- Santa Rita, Yoro (type B);
- *Mancomunidad del Valle de Quimistan*;
- *Mancomunidad Consejo Regional Ambiental (CRA)*; and
- *Mancomunidad de Municipios del Centro de Atlantida (MAMUCA)*.

During this period, the team also attended an Assembly of Mayors in Santa Barbara that provided valuable insights into the consensus process that many *mancomunidades* are now using in Honduras to further their members' agendas.

**Municipalities:** Several substantive changes were made to the municipality ranking variables at this stage, largely in response to requests from USAID, which had undergone a broad internal review of the relevance of the variables to several units within the Honduras Mission. Importantly, an entire section on municipalities' success in maintaining previous projects (donor or otherwise) was added as a measure of commitment and sustainability. Another proposed section on "stability," which included parameters having to do with a municipality's reliance on government transfers, was removed because it was felt that these measures would better fit into a later evaluation stage (Stage 2, described briefly in Section 1). Additional refinements were made to the variables having to do with civil society participation and transparency, and absorptive capacity. (These categories are discussed in more detail in the Section 3.0.)

**Mancomunidades:** The information gathered from the *mancomunidades* during this second field test was particularly enlightening. The team realized that—even though *mancomunidades* are a relatively recent phenomenon in Honduras—some are already highly developed institutionally and are effectively serving the needs of their member municipalities, while others are represented by little more than a part-time acting executive director in a shared office.

The more developed *mancomunidades* have benefited from a great deal of foreign donor and NGO support. European donors in particular, working through NGOs, have been helping *mancomunidades* develop "strategic plans" from which the donors can then channel money for infrastructure projects. The European Union (EU), for example, requires that a *mancomunidad* have an engineer and an architect (which they can get through a relationship with an NGO) before funding projects. However, there does not appear to be any requirement that these same *mancomunidades* also have an accountant or an accounting system. On the other hand, the more developed *mancomunidades* have all of these, and more.

## Phase II: Testing Final Instruments

### Third Field Test

The ARD team used the results of the second field test and further discussion with USAID to finalize the ranking variables and put the questions into the form of Microsoft Excel spreadsheets, the form that municipal mayors and *mancomunidad* executive directors would use once the system was fully operational. The instruments were field tested from 21-23 April 2004 in nine municipalities and six *mancomunidades*. So as not to influence the results, municipalities were selected that had not been involved in either of the previous field tests. The municipalities and *mancomunidades* tested were:

- Reitoca, Francisco Morazan (type C);
- Alubaren, Francisco Morazan (type D);
- Villa de San Antonio, Comayagua (type C);
- San Lorenzo, Valle (type A);
- Sabana Grande, Francisco Morazan (type C);

- Cane, La Paz (type D);
- Aramecina, Valle (type D);
- Goascorán, Valle (type C);
- Santa Ana, Francisco Morazan (C);
- *Mancomunidad de Municipios del Norte de Choloteca*;
- *Mancomunidad de Municipios Fronterizos Valle*;
- *Mancomunidad de Municipios del Sur de Francisco Morazan*;
- *Mancomunidad de Municipios del Surpeste del Valle de Comayagua*;
- *Mancomunidad de Municipios del Sur de Valle*; and
- *Mancomunidad de Municipios del Centro-Sur Francisco Morazan*;

A few relatively minor modifications to the ranking variables were made based on the results of this field test and on further discussions with USAID. Changes were also made to the format of the instruments. For example, when a request for contact information was placed right after a question, respondents questioned whether we intended to “check up” on their responses. Consequently, the requests for contact information were consolidated at the end of the instrument. Some of the response categories were found to be inadequate. For example, some *mancomunidades* operate with significant volunteer staff so, in the *mancomunidad* instrument, there needed to be a way to indicate paid staff versus volunteer staff. A column was added after each category of staff, so that respondents could enter the number of staff that are paid and the number that are volunteer in each category. The “plans and priorities” sections of both instruments were modified to force respondents to indicate the relative priority of each project area, not just check off whether they included a particular type of project or not.

### Final Field Test

A final test of the municipality instrument was conducted from 24 May to 7 June 2004. Due to lack of time, the previous field test had been implemented as if the instruments were questionnaires. Although this was adequate for verifying the final selection of ranking variables and their underlying data, and for testing the format and response categories, it was not a fully operational test of the instrument. Thus, one final field test was made to the municipality instrument<sup>2</sup> that would mimic how the instrument would be used operationally.

Four municipalities participated in this final field test. Only one of these (San Lorenzo) had participated in any of the previous field tests. The four municipalities were:

- Choluteca, Choluteca (type A);
- Pespire, Choluteca (type C);
- San Lorenzo, Valle (type A); and
- Nacaome, Valle (type B).

The municipality instrument was provided to the four municipalities on 24 May 2004. An ARD team member briefed each municipality on the use of the instrument, and checked their progress on 31 May. The team member returned to the municipalities on 7 June to pick up the forms. Three of the municipalities had completed or partially completed and turned in their forms by this date. Nacaome turned in its form to ARD’s Tegucigalpa office three days later (10 June).

<sup>2</sup> Only the municipality instrument underwent this final field test. The modifications to the *mancomunidad* instrument made after the previous field test were relatively minor, and it was not felt that the *mancomunidad* instrument required further testing.

In all but one case, the completed forms were submitted electronically (on diskette). Conducting this final field test was valuable for this reason alone. Prior to this test—because the instrument had been implemented as if it was a questionnaire—all of the forms had been submitted in hard copy. That does not seem to be the way municipalities will typically complete the form in practice. As a result of this final field test, modifications were made to the formatting of the instrument to make it easier to complete electronically.

## **Supplementary Information**

In total, the team field-tested four type A municipalities, seven type B municipalities, 10 type C municipalities, three type D municipalities, and 10 *mancomunidades*. Throughout all four of the field tests, the team requested contact information and supporting documentation. This was provided in some cases, but not in others. The formats used and detail provided in the supporting documentation varied widely. Several changes were made to the final form of the instrument in order to increase the response rate for this supplemental information. These included adding space to allow respondents to enter information right into the instrument, rather than including it as attachments, and requesting contact information for more individuals than required, to introduce redundancy in the means for verifying the information.

The final municipal ranking variables resulting from these four field tests are presented in the Section 3.0. The ranking variables for the *mancomunidades* are presented in Section 4.0. The final instruments for both, in English and Spanish, are provided in Annex B.



### 3.0 Ranking Municipalities

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Working in close collaboration with USAID, the ARD Team selected the following three categories of ranking variables as best capturing the key “quick look” parameters that would be needed to assess a municipality’s<sup>3</sup> “state of readiness” for receiving technical assistance.

- **Good Governance** includes civil society participation, transparency, and legal compliance;
- **Sustainability and Commitment** captures the track record of municipalities in maintaining investments already made, and their commitment to future investments; and
- **Absorptive Capacity** captures the ability of the municipality to receive, support, and make good use of the offered technical assistance.

Together, ranking variables from these three categories will be used to assess a municipality’s **sustainability quotient**—the ability of the municipality to continue to make good use of technical assistance after project completion.

Within these categories, the ARD team tested numerous potential ranking variables for data availability and reliability, relevance, and ease of use, and to establish appropriate thresholds. Many of the proposed ranking variables were rejected because it was felt they fit more into the category of “tactical” variables that would more appropriately be used after a municipality had been selected, that is, as evaluation tools for determining what kind of technical assistance was most appropriate. A selection of such “tactical variables” is presented in Annex E, along with suggestions for performance-monitoring indicators.

Seven variables were selected for final use in identifying potential municipalities for future technical assistance. These seven ranking variables are summarized in Figure 2. Details for each variable, including formulae for their computation, are provided in Annex C.

The total score, called the “sustainability quotient” ( $Q_m$ ), for any particular municipality will be a weighted sum of these variables,

$$Q_m = \alpha c + \beta C + \gamma b + \delta M + \varepsilon F + \zeta A + \eta S$$

where the weights ( $\alpha, \beta, \gamma, \dots$ ) can be set so that each variable ranges from zero to 10 (giving a total possible score of 100), or can be based on the relative importance of each variable to the priorities and programming requirements of USAID.

Each municipality will receive a  $Q_m$  score against which it can be compared to the other municipalities in its type. Rather than ranking municipalities against a preset threshold, the ARD team recommends that USAID simply select the highest ranked municipalities in each type.

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<sup>3</sup> Ranking variables for *mancomunidades* were handled separately, and are discussed in Section 4.0.

**Figure 2. Municipality Ranking Variables**

Ranking Variable	Data Required
<b>Good Governance</b>	
<i>Cabildo</i> Meetings (c)	<ul style="list-style-type: none"> <li>Number of <i>cabildos</i> held per year</li> <li>Content of meetings (informative versus participatory)</li> <li>Evidence that meeting minutes are published or disseminated</li> </ul>
Other Civil Society Participation (C)	<ul style="list-style-type: none"> <li>Number of other types of public meetings held (e.g., plebiscites, general assemblies)</li> <li>Dates and content of meetings</li> <li>Existence of other civil society mechanisms, such as a CODEM, <i>comisionado municipal</i>, or transparency committee</li> <li>Frequency of meetings of other civil society mechanisms</li> </ul>
Budget Development (b)	<ul style="list-style-type: none"> <li>Budget developed with help of financial advisors, with input from Municipal Council, with input from community leaders, donors or NGOs, the general public, or from others</li> </ul>
<b>Commitment and Sustainability</b>	
Sustainability of Completed Projects (M)	<ul style="list-style-type: none"> <li>Community involvement in selection, design, and implementation of projects</li> <li>Community input (e.g., labor, materials) in operation and management (O&amp;M)</li> <li>Ongoing social audit</li> <li>Municipal budget allocated to O&amp;M</li> <li>Project-specific transparency committee</li> </ul>
Plans and Priorities (F)	<ul style="list-style-type: none"> <li>Existence of strategic plan, capital investment plan, or similar plan</li> <li>Part of the municipal budget is allocated to priority projects, or municipal staff are dedicated to them</li> <li>Community input (e.g., labor, local materials) to projects</li> <li>Other community, municipal, or other donations; or other external sources of input to the project</li> </ul>
<b>Absorptive Capacity</b>	
Staff Availability (A)	<ul style="list-style-type: none"> <li>Total number of municipal staff</li> <li>Total staff/counterpart committed to active donor projects</li> <li>Number of hours/week worked in support of projects, on average, by typical “counterpart” staff member</li> </ul>
OPTIONAL: Staff Ability (S)	<ul style="list-style-type: none"> <li>Existence of staffing plan or published minimal job requirements</li> <li>Comparison of minimal job requirements to actual staff qualifications for three key positions: Accountant, Head of Tax Administration, and Head of Cadastre</li> </ul>

## Discussion of Municipal Ranking Variables

Each of the potential municipal ranking variables listed in Figure 2 are described briefly below, and in detail in Annex C.



### **1. Cabildo meetings (c)**

By combining the number of *cabildo* meetings held with an indication of whether the meetings were participatory or purely informative, and an indication that the meeting minutes were made publicly available, the team's intent was to combine an indicator of civil society participation with one of transparency. *Cabildo* meetings that are participatory—that solicit citizen input or feedback, vote on measures, or are otherwise more than just informative—are given twice the value of those that are purely informative. Meeting minutes that are posted in a publicly accessible place, such as a public library or municipal bulletin board, are given twice the value of those that are only made available upon request.

### **2. Other civil society participation (C)**

Municipalities may hold many other types of meetings or participate in many other types of activities that promote civil society involvement other than the *cabildos*. The team tried to capture and quantify this additional indicator of civil society participation by considering several other mechanisms: plebiscite meetings, CODEM meetings, social audits, and the existence of entities such as a *comisionado municipal* and transparency committee.

### **3. Budget development (b)**

With this variable, the team tried to get a sense of how many important stakeholders and others are involved in developing each year's budget. This variable is a measure of the quality of the municipal budget in terms of technical input, and the transparency of the budget preparation process. Assistance from financial advisors, for example, would incorporate a certain degree of professionalism into the process, while seeking input from the Municipal Council, community leaders, and the general public would bring progressively more transparency to the process.

### **4. Plans and priorities (F)**

This variable is a measure of municipalities' commitment to plan and prioritize future investments, and evidence that they are committed to sustaining those investments. It is intended to be a proxy measure for "political will," one that demonstrates that a mayor is looking past the next election. It is derived from a similar set of information as "sustainability of completed projects" (next variable), but in the context of future rather than past investments.

### **5. Sustainability of completed projects (M)**

This variable is a measure of municipalities' success in maintaining previous projects (donor-funded or otherwise) after project completion. It is intended to provide information about municipal commitment by identifying those municipalities that had established a track record of maintaining the results of previous investments. Because projects that have had community involvement their initial selection, design, and implementation tend to be more sustainable (post-completion) than those that have not, such community involvement is also considered in the computation of this variable.

### **6. Staff Availability (A)**

During the initial round of municipal interviews, the team found a number of municipalities that were already overwhelmed with donor projects and donor support, and were not in a position to effectively absorb any more technical assistance at the current time. This variable was intended to capture municipality's "absorptive capacity"—their ability to take on additional donor technical assistance at this time.

### **7. Ability of Staff (S)**

This final variable was intended to capture information about staff credentials and qualifications. It compares published minimum qualifications to actual staff qualifications. Unfortunately, many municipalities do not have published qualifications against which to measure current staff. For this reason, this variable should be considered optional, used when municipalities that do have published

qualifications and for which additional information is needed to help target the kind of technical assistance needed. (In other words, this variable is “tactical” in nature.)

Each of these variables is quantified by an equation that can be embedded in the Excel-based data management system, assigned a source of data/information as well as a means for verification, and assigned a need for supporting documentation. These are described in Annex C as well as in the User’s Manual (Section 6.0) for the Excel-based Data Management System.

## 4.0 Ranking Mancomunidades

*Mancomunidades* are voluntary associations of municipalities sharing common problems and seeking cooperative solutions. Because the most effective *mancomunidades* are those made up of member municipalities with similar characteristics, technical assistance provided via *mancomunidades* can be tailored in a way that attains economies of scale not possible by providing technical assistance on a municipality-by-municipality basis.

*Mancomunidades* are a relatively new phenomenon in Honduras. Because they are new, only a few have established track records of effective use of donor technical assistance and most must therefore be evaluated on other criteria. Of particular importance will be the commitments of the member municipalities to fully participate in the *mancomunidad* (or *mancomunidades*) of which they are a member. Accordingly, part of the ranking of *mancomunidades* is a rating of their member municipalities.

The *mancomunidad* ranking variables measure *mancomunidades* in terms of their:

- legal status,
- operational status, and
- characteristics of their member municipalities.

These variables are summarized in Figure 3. Additional detail is provided in Annex D.

**Figure 3. *Mancomunidad* Ranking Variables**

Ranking Variable	Data Required
<b>Legal Status</b>	
Internal Agreement and External Recognition (L)	<ul style="list-style-type: none"><li>▪ Existence of inter-municipal agreement</li><li>▪ Registration and approval of the <i>mancomunidad</i> by the <i>Secretaría de Gobernación y Justicia (Sec. Gobernación)</i></li></ul>
<b>Operational Status</b>	
Technical Unit (T)	<ul style="list-style-type: none"><li>▪ Existence of a technical unit with adequate staff</li><li>▪ Number and type of staff in various positions, as appropriate to the plans and priorities of the <i>mancomunidad</i></li></ul>
Plans and Priorities (O)	<ul style="list-style-type: none"><li>▪ Existence of a strategic plan, capital investment plan, or similar plan</li><li>▪ List of projects, clearly prioritized</li></ul>
<b>Characteristics of Member Municipalities</b>	
Solidarity (H)	<ul style="list-style-type: none"><li>▪ Similarities in member municipal categories</li></ul>
Commitment (P)	<ul style="list-style-type: none"><li>▪ Timely payment of pledges</li></ul>
Stability (S)	<ul style="list-style-type: none"><li>▪ Rate of resignation of member municipalities</li><li>▪ Attendance by member municipalities at general assembly meetings</li></ul>

The ARD team recommends that only those *mancomunidades* that meet a preset threshold be selected for consideration for receiving technical assistance. This is unlike the strategy used for ranking municipalities, where the team recommends municipalities be compared to one another. Because of the early stage of development of *mancomunidades* in Honduras, it will be important to capture those

*mancomunidades* that show evidence that they have already established themselves and that they are (or will soon be) providing benefits to their member municipalities. There are a number of *mancomunidades* that seem to be little more than a piece of paper created to “get projects” from donors. It is these latter *mancomunidades* that the team hopes to “weed out” by taking this approach.

To simplify the computation, the team suggests simply resetting each variable to YES/NO, with YES = 1 and NO = 0. This can be computed in the spreadsheet. In this case, any *mancomunidad* with a total score of 6 would be considered for USAID technical assistance.

## Discussion of *Mancomunidad* Ranking Variables

Each of the potential *mancomunidad* ranking variables listed in Figure 3 is described briefly below, and in detail in Annex D.

### 1. Legal status (L)

It is important that a *mancomunidad* establish itself as an independent legal entity. This two-step process involves an inter-municipal agreement in which the member municipalities first agree to the terms and conditions of the *mancomunidad*, and then register as a *mancomunidad* with the *Sec. Gobernación*. Once these two steps have been taken, the *mancomunidad* has all the legal rights and responsibilities of a municipality, including the right to enter into contracts. This variable is intended to validate the legal status of the *mancomunidad*.

### 2. Technical Unit (T)

Without an established Technical Unit, working with a *mancomunidad* will be little different from working with its member municipalities, and the desired economies of scale will be missed. A Technical Unit provides a focal point for the *mancomunidad*, a place to which community leaders can come with their problems, and a place from which solutions can be coordinated. This variable measures the operational status of the *mancomunidad* in terms of the adequacy of the Technical Unit to serve its member municipalities.

### 3. Plans and priorities (O)

The *mancomunidades* with the greatest likelihood of success are those that have identified specific issues that need to be addressed. *Mancomunidades* formed solely for general reasons of “human resource development” or “sustainable development” without a list of specific projects or goals are less likely to be perceived as providing value to their member municipalities. This variable measures the operational status of the *mancomunidad* in terms of the adequacy of its planning and prioritizing responses that address the needs of its member municipalities.

### 4. Solidarity of member municipalities (H)

Our discussions with *mancomunidad* staff and representatives from their member municipalities indicated that the most effective *mancomunidades* are those with member municipalities that are relatively homogenous—that is, which have similar characteristics and needs. *Mancomunidades* whose members are very different in terms of their population or level of economic development do not share common concerns and priorities as well as do those with more similar characteristics. This variable measures the homogeneity (or “solidarity”) of the *mancomunidad* in terms of its member municipalities.

### 5. Commitment of member municipalities (P)

This variable is a measure of municipalities’ commitment to the *mancomunidad* of which they are members. The internal operations of *mancomunidades* are financed largely through pledges (*cuota de participación*) from their member municipalities. Institutionally, a *mancomunidad* will only be

sustainable if its member municipalities honor their commitments by paying their pledges in a timely manner.

#### **6. Stability of the *mancomunidad* (S)**

This final variable measures the internal stability of the *mancomunidad* in terms of the stability of its membership. Specifically, it considers two factors, the resignation rate of member municipalities and the attendance of municipalities at general assembly meetings. High resignation rates and low attendance rates both signal problems. Resignation rates will be high when the *mancomunidad* is not being responsive to municipality needs, while low attendance rates signal nonengagement due to a lack of interest on the part of member municipalities.

Each of these variables is quantified by an equation that can be embedded in the Excel-based data management system, assigned a source of data/information as well as a means for verification, and assigned a need for supporting documentation. These are described in detail Annex D as well as in the User's Manual (Section 6.0) for the Excel-based Data Management System.



## 5.0 What Kind of Municipality/*Mancomunidad* is This?

In addition to ranking municipalities for technical assistance, USAID/Honduras wanted the system to be able to provide information that would answer the question, “What kind of municipality is this?” To address this requirement, the ARD team added some additional, basic information about each municipality to the Excel-based ranking system. Figure 4 shows the additional information used for this purpose, and the source of the information.

**Figure 4. Additional Attributes to Help Characterize Municipalities/*Mancomunidades***

Characteristic	Data Source
Location (Department) of municipality/mancomunidad	2000 Census
Municipal type (A,B,C,D)	Spreadsheet provided by USAID
Population	2000 Census
Human Development Index	UNDP (2003)
Total revenue from all sources (for municipalities)	Question to mayor
Revenue per capita (for municipalities)	Computed
Average household income per capita	2000 Census
Poverty index or human development index	UNDP
Other SOs working there	USAID internal communications
Other donors working there	Ask mayor/Executive Director

We have incorporated the first four of these attributes into the Excel-based data management system:

- location (name of department) of municipality (from 2000 Census database),
- municipal type (from a spreadsheet provided by USAID),
- population (from 2000 Census database), and
- UNDP human development index.

There were a few inconsistencies between the place names given in the 2000 Census, the place names used in the list of municipal types, and the place names used by UNDP in their tables of the human development index. When in doubt, the census data was treated as the default. Most are differences in spelling (e.g., “Sta. Rosa Aguán” in the municipal ranking list versus “Santa Rose de Aguán” in the census data), but this is not necessarily a minor difference. Differences in spelling can be very frustrating for the user when trying to locate data in a large spreadsheet. For this reason, spelling consistency is one of the issues addressed in Section 6.0.

Other attributes such as household income per capita can be added as the data become available and as suits USAID’s needs.





## 6.0 “Users Manual”

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This section provides guidelines and information about the implementation of the two instruments, the incorporating of the resulting data into the Excel-based information system, and the computation of the ranking variables that result from the use of that system.

### Step 1: Utilization of Application Form (Survey Instrument)

Hardcopies of the municipality and *mancomunidad* application forms, including cover sheets, are shown in Annex B. These instruments are in the form of Excel spreadsheets, and can be provided to municipalities either in hardcopy form or electronically (i.e., on diskette or E-mailed). If provided electronically, it is likely the responses will be typed directly into the spreadsheet and given back to USAID in electronic format, as well.

Municipalities and *mancomunidades* should be given two to three weeks to complete and return the form. Less than two weeks will not provide USAID with an adequate response rate, more than three weeks may result in many forms getting lost and having to be resent. If possible, a USAID representative should brief each respondent verbally (either in person or by telephone) of the purpose of the form, and provide some guidance on filling it out. Although this information is available in the cover sheet, it will still be important that a personal connection be made between USAID (or their representative) and the respondents. About a week after form is delivered, USAID (or a representative) should follow up with each municipality and *mancomunidad* to check on their progress and provide additional guidance or answer any questions that may come up during the filling of the form.

Municipalities and *mancomunidades* should be urged to complete all the spaces. Even when the answers are “None,” “Not Applicable,” “No,” or “Zero,” these responses should be entered rather than just leaving the space blank. In some cases, unanswered questions may default to a value that the respondent does not intend or desire. For example, the question in the municipality form about the average number of hours per week worked by “counterpart” staff will default to 40 (i.e., full time) if left blank. When respondents do not know the answers to specific questions, they should at least estimate the values. For example, it would be advantageous for a municipality that desired USAID technical assistance to insert a value of “20” in this space for staff dedicated part time to donor projects, even if they cannot document this number, since this would lower the overall score for this variable, thus allowing space for attracting additional technical assistance from USAID.

### Step 2: Validation of Information

Municipalities and *mancomunidades* should also be urged to provide as much supporting documentation as possible. Supporting documentation may be provided in hardcopy or electronically. Based on the four field tests, all of which included requests for supporting documentation of various sorts, USAID should expect a wide range in form and format of this information. Even budget and expenditure sheets have a wide range of form and format—of the numerous examples of these that were collected during this work, no two were the same. Thus, USAID should expect to use these documents to “spot check” the validity of the responses in the form, rather than as a source for exhaustively validating every entry.

In addition to supporting documentation, municipalities and *mancomunidades* will provide contact information of numerous individuals with whom various aspects of the information can be verified. Sources of verification are identified in Annexes C and D, variable by variable. Redundant sources of verification are identified whenever possible, so that when one source is not available or found not to be helpful, and alternate source can be contacts.

In cases where the source for validation is the *Sec. Gobernación*, an official protocol needs to first be established between USAID (or its representative) and the *Sec. Gobernación*. To do this, the ARD team recommends that a request be made to Lic. Deyanira Lagoon, Head of the National System of Municipal Information, with a copy to Ing. Carlos Mejia, Director of Local Development of the *Sec. Gobernación*.

### **Step 3: Data Entry into Excel-based Data Management System**

Once validated, the data from the forms will be entered into the Excel-based Data Management System—one for the municipalities and one for the *mancomunidades*. This is done manually, even for those forms that are submitted in an electronic format. Only some of the information from the application forms is entered into the Excel-based Data Management System (information that is used directly in the computation of the ranking variables). The remaining information in the forms is either for verification/validation purposes (Step 2, Validation), or in evaluating the type of technical assistance needed (i.e., Stage 2, Evaluation).

In the master spreadsheet for municipalities, it is important to spell the name of the municipality exactly as it is spelled in the 2000 Census, including spaces, case (capitalization), accents, and special characters (such as hyphens). There are spelling inconsistencies between the 2000 Census and the list of municipal types. The team used the place name spellings from the 2000 Census as the default, but included the variations as a separate column in the spreadsheet. Those place names that are inconsistent between the two sources are also summarized in Annex F.

### **Step 4: Computation of Sustainability Quotients**

Once the data are entered into the Excel-based Data Management System, the sustainability scores for municipalities ( $Q_m$ ) and *mancomunidades* ( $Q_M$ ) are computed automatically. The results can then be compared to one another, in the case of municipalities, or to a preset threshold, in the case of *mancomunidades*, to select those eligible for USAID technical assistance.

## Annexes

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Annex A: Interview Protocol for Municipalities and *Mancomunidades*

Annex B: Final Instruments for Municipalities and *Mancomunidades*

Annex C: Detailed Descriptions of Ranking Variables for Municipalities

Annex D: Detailed Descriptions of Ranking Variables for *Mancomunidades*

Annex E: Suggested “Tactical Variables” and Performance Monitoring Indicators



## Annex A: Interview Protocol for Municipalities and Mancomunidades

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### Questions for Mayors (Municipalities)

1. What is the <b>population</b> of the area that you serve?	(thousands)
2. How long have you been in office?	(years)
What is your <b>political affiliation</b> ?	
3. Has your municipality benefited from USAID assistance in the last 5 years?	Yes/No
Other donor assistance? (Who?)	
Please describe the nature of the assistance provided by donors, both that your municipality is receiving <b>now</b> and that you have received in the <b>last five years</b> .	
4. Why did USAID (or other donor) select your municipality for assistance? What were the <b>criteria</b> on which the selection was based?	

5. How many staff do you have?	(number)
How many departments do you have? What are they?	
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	
Do you have a municipal “organigram”? May we get a copy?	Yes/No      Yes/No
Do you have other documents describing the internal workings of your municipality (statutes, norms, operations manuals)? May we see them?	Documents:  See them?: Yes/No
6. What <b>public services</b> do you provide to your constituency? What services are <b>deconcentrated</b> ?	
Services	<b>Deconcentrated</b> services:
•	•
•	•
•	•
•	•
•	•
How much revenue do you collect in fees from providing the <b>non-deconcentrated</b> services?	

7. Where are your <b>primary sources of revenue</b> ? (Taxes, fees, central government, foreign donors, others?)	
What percentage of the total comes from each source?	
<ul style="list-style-type: none"> <li>• Taxes:</li> <li>• Fees:</li> <li>• Central government:</li> <li>• Foreign donors:</li> <li>• Other (name them):</li> </ul>	
Has your <b>total revenue</b> increased or decreased over the last five years?	Increased/Decreased
Does it fluctuate much from year to year?	Fluctuates
By how much do these things happen?	
8. Have you closed last year's budget yet? <b>When closed?</b> May we have a copy of it?	Yes/No      Yes/No
9. What percentage of your budget goes to pay staff?	%
10. In general, do you feel that your <b>staff</b> is <b>well-qualified</b> for their positions?	Yes/No
Do you feel that they need additional training or education to be more effective?	Yes/No
What sorts of training/education?	
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	

11. What percentage of your budget goes to <b>service debt</b> ?	%
What is the borrowed money being used for?	
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	
12. How often do you <b>monitor expenditures</b> ?	(monthly, quarterly, annually, other)
How do you monitor them?	
13. What % of municipal staff was replaced when you came into office?	%
On average, what % of municipal staff leaves in a <b>non-election year</b> ?	%
Who do you consider your <b>three</b> most <b>key staff positions</b> – the three positions that are the most critical to efficient operations, the three positions on which municipal operations would really suffer if they were taken away from you.	<b>1.</b> <b>2.</b> <b>3.</b> <b>4.</b> <b>5.</b>
What is the education level of your <b>municipal accountant</b> ?	
How long has your accountant worked for the municipality?	(years)
What is the political affiliation of your accountant?	



14. Do you have a <b>cadastre</b> ?	Yes/No
IF YES, what is the education level of your primary <i>technical</i> cadastre expert.	
IF YES, how long has he worked for the municipality. What is his political affiliation?	
15. How do you <b>identify taxpayers</b> ?	
How to you maintain taxpayer records? (Electronically or manually?)	
16. What sorts of information do you record in your taxpayer system (paper-based or computerized, it doesn't matter)?	
Who is responsible for recovering unpaid taxes?	
How effective are they at recovering these taxes?	
How many staff do you employ in your tax collection department?	
17. How many <b>cabildos</b> did you have last year?	
How many <b>cabildos</b> have you planned for this year?	

Have the <i>cabildos</i> been used to reach any agreements between the municipality and its citizens? Describe them.	
IF YES, what has the municipality done to fulfill this requirement?	
IF YES, how does civil society verify that the agreements have been fulfilled?	
18. Do you have a <i>comisionado municipio</i> ?	Yes/No
IF YES, what administrative support do you provide to the <i>comisionado municipio</i> ?	
What support/activities has the <i>comisionado municipio</i> provided to the citizens.	
Do you consider that the <i>comisionado municipio</i> has the legal right to monitor expenditures of the municipal government?	Yes/No
What is the name and contact information of your <i>comisionado municipio</i> ?	Name:  Contact Information:

19. What is your <b>long-term vision</b> for your municipality? How would you like to see your municipality develop in the next five years? Ten years? Fifty years?
20. How do you <b>communicate</b> this future vision to your <b>constituency</b> ?
How do you communicate the details of your current successes and <b>internal operations</b> to your constituency?
Do you schedule press conferences or make press releases? How often; about what?
21. If USAID asked you to provide them with some sort of “ <b>commitment</b> ” to show your willingness to make good use of their assistance, what level and kinds of commitment do you think would be appropriate? (Such assistance may include training, public works, equipment purchases, and many other things.)

### Questions for *Mancomunidades*

1. What is the <b>population</b> of the area served by this <i>mancomunidad</i> ?	(thousands)
2. How many municipalities are served?	
What are the names of the municipalities served?	
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	
3. Has your <i>mancomunidad</i> benefited from <b>USAID assistance</b> in the last five years?	Yes/No
<b>Other donor</b> assistance? (Who?)	
Please describe the nature of the assistance provided by donors, both that your municipality is receiving <b>now</b> and that you have received in the <b>last five years</b> .	
4. Why did USAID (or other donor) select your <i>mancomunidad</i> for assistance? What were the <b>criteria</b> on which the selection was based?	

5. What was/were the reasons (issues) for the creation of this <i>mancomunidad</i> ?
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>
6. How is the <i>mancomunidad</i> organized? How is the Board organized? How are decisions made?
Do you have an accounting? An accounting system? (IF YES, describe accounting system.)
How much money (or other resources) does each municipality contribute to the <i>mancomunidad</i> ?
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

7. What is the role of the community/civil society in monitoring the activities of the <i>mancomunidad</i> ?	
8. Is the <i>mancomunidad</i> required to report fee collections to each municipality? (Whether required or not, does the <i>mancomunidad</i> report fee collections to each municipality?)	Yes/No      Yes/No
Is the <i>mancomunidad</i> required to report budgets or expenditures to the central government?	Yes/No Budgets/Expenditures
IF YES, to whom do you report budgets or expenditures.	
9. Have your staff received any technical training from any foreign donors? If so, describe.	Yes/No
How are the employees in the technical unit chosen, and by whom?	

How are employees salary level determined?
10. What is the influence of politics and political parties on this technical unit?
11. If USAID asked you to provide them with some sort of “ <b>commitment</b> ” to show your willingness to make good use of their assistance, what level and kinds of commitment do you think would be appropriate? (Such assistance may include training, public works, equipment purchases, and many other things.)





## **Annex B: Final Instruments for Municipalities and *Mancomunidades***

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### **Municipal Development Application Form**

- USAID Municipal Development Application Form (English version)
- *Instrumento de Calificación de Municipalidades de USAID* (Spanish version)

### ***Mancomunidad* Development Application Form**

- USAID *Mancomunidad* Development Application Form (English version)
- *Instrumento de Calificación de Mancomunidades de USAID* (Spanish version)



## USAID Municipal Development Application Form (English version)

This application form is part of a new process that the United States Agency for International Development (USAID) is now using to evaluate the state of “readiness” of municipalities in Honduras to receive and fully benefit from USAID’s technical assistance. A municipality’s responses to the questions contained in this form will provide input to the first stage of a multiple-stage process in which USAID will identify the municipalities that have the best chance of successfully using USAID’s technical assistance to its fullest.

Specific technical assistance to municipalities will focus on specialized assistance to certain larger municipalities that have successfully consolidated their basic internal administration, and core assistance to smaller municipalities that still need to improve their internal systems. In both cases, USAID is looking for those municipalities that have the political will to make best use of the assistance.

This form requires municipalities to provide information in three general areas:

- **“good governance,”** including transparency, civil society participation, and community development;
- **sustainability and commitment** in terms of the ability of municipalities to maintain investments already made, as well as commitment to future investments; and
- **“absorptive capacity,”** an indication of whether the technical assistance should be provided immediately, or would be more effective at a future date.

Please answer each question. There are no “correct” answers. Municipalities will be evaluated differently according to municipal “type” (A, B, C, D). That is, expectations for type A municipalities will be much different from expectations for type D municipalities. Similarly, there is no minimum “score.” Municipalities will be compared among themselves, not rated against a preset threshold or cutoff point.

In addition to the questions, we ask municipalities to provide information about what sorts of technical assistance they feel are needed. The responses to the other questions will be evaluated in light of the technical assistance that municipalities identify they need.

Please also provide the names and contact information for the individuals requested in the form, and attach all requested documentation. Application forms that are missing information, that have unanswered questions, or that have incomplete documentation will be returned to the municipality for completion prior to consideration by USAID.

If filling out the form by hand, simply circle the appropriate response. For example, circle Y for “yes” and N for “no.” If filling the form electronically, delete all but the appropriate response. For example, for “yes” delete /N/NA, leaving just Y. For “no” delete Y//NA, leaving just N.

If you have any questions about how to fill out the questionnaire, please contact <name>, <telephone>. Completed application forms and supporting documentation should be sent to <name>, <address>. Forms must be received by USAID no later than <date> to be considered for 2005 funding. Forms received after that date will be returned to the municipalities.

Please see the folder entitled “Annex B – Final Instruments,” on the enclosed CD for the “1 USAID Municipal Development Application Form (English version).”

## Instrumento de Calificación de Municipalidades de USAID (Spanish version)

Este instrumento de calificación es parte de un nuevo proceso que la Agencia para el Desarrollo de los Estados Unidos (USAID) utilizará para determinar que tan preparados están las municipalidades en Honduras para recibir, absorber, sostener, y utilizar plenamente la asistencia técnica proveída por USAID. Las respuestas de las municipalidades a las preguntas incluidas en este instrumento servirán como insumos para la primera etapa de un proceso múltiple, por medio del cual USAID identificará aquellas municipalidades que, de acuerdo a estos parámetros, tengan una mayor posibilidad de aprovechar la asistencia ofrecida por USAID.

La asistencia técnica específica se enfocará, en la atención especializada a los municipios grandes que han consolidado exitosamente su administración, y centrarán la asistencia a municipios pequeños que todavía necesitan mejorar sus sistemas internos. En ambos casos, USAID está buscando municipios que tengan deseo político y que harán mejor uso de ésta ayuda.

Este formulario requiere que los municipios proporcionen información en tres áreas generales:

- “buen gobierno (gobernabilidad),” incluyendo transparencia, participación civil y desarrollo de la comunidad;
- “sostenibilidad y compromiso” en términos de la habilidad que tienen los municipios para mantener las inversiones hechas, así como su compromiso a futuras inversiones; y
- “la capacidad de absorción,” una indicación de si la ayuda técnica se debe proporcionar inmediatamente, o si sería más efectiva en una fecha futura.

Conteste por favor a cada pregunta. No hay respuestas “correctas”. Los municipios se evaluarán de forma diferente según “el tipo” de municipalidad (A, B, C, D). (Esto implica que las expectativas para el tipo de municipalidad A serán muy diferentes a las expectativas para las municipalidades de tipo D.) Similarmente, no hay un índice mínimo. Las municipalidades se compararán entre sí, no se categorizarán de acuerdo a una valoración previa.

Además de las preguntas, queremos que nos provean información acerca de qué tipo de ayuda técnica valoran que necesitan para su municipalidad. En el formulario de solicitud final, las respuestas a las otras preguntas se evaluarán a la luz de la ayuda técnica que las municipalidades identificaron como necesarias.

Proporcione también los nombres y contactos para las personas requeridas en el formulario, y adjunte toda la documentación solicitada. Los instrumentos a los que les hace falta información, que tienen preguntas sin contestar, o que tienen la documentación incompleta serán regresados a las municipalidades para su terminación antes de que sean evaluadas por USAID.

Si usted tiene cualquier pregunta acerca de cómo llenar el instrumento, por favor contacte a <name>, <telephone>. Los formularios de solicitud completados y la documentación de soporte deberán ser mandados a <name>, <address>. Los instrumentos completados deberán ser recibidos por USAID antes de <date> Para ser considerado en la financiación del 2005. Los instrumentos recibidos después de esta fecha serán regresados a las municipalidades.

Please see the folder entitled “Annex B – Final Instruments,” on the enclosed CD for the “2 *Instrumento de Calificación de Municipalidades de USAID* (Spanish version).”

## USAID *Mancomunidad* Development Application Form (English version)

This application form is part of a new process that the United States Agency for International Development (USAID) is now using to evaluate the state of “readiness” of *mancomunidades* in Honduras to receive and fully benefit from USAID’s technical assistance. A *mancomunidad*’s responses to the questions contained in this form will provide input to the first stage of a multiple-stage process in which USAID will identify the *mancomunidades* that have the best chance of successfully using USAID’s technical assistance to its fullest.

Specific technical assistance to *mancomunidades* will focus on those *mancomunidades* that still need to improve their internal systems. USAID is looking for those *mancomunidades* that have the political will to make best use of the assistance.

Realizing that most *mancomunidades* in Honduras are in an early stage in their development, the form requires *mancomunidades* to provide information in two general areas:

- the legal and operational status of the *mancomunidad*, and
- the solidarity (including commitment) of their member municipalities.

Please answer each question. There are no “correct” answers. *Mancomunidades* will be compared among themselves, not rated against a preset threshold or cutoff point.

In addition to the questions, we ask *mancomunidades* to provide information about what sorts of technical assistance they feel are needed. The responses to the other questions will be evaluated in light of the technical assistance that *mancomunidades* identify they need.

Please also provide the names and contact information for the individuals requested in the form, and attach all requested documentation. Application forms that are missing information, that have unanswered questions, or that have incomplete documentation will be returned to the *mancomunidad* for completion prior to consideration by USAID.

If filling out the form by hand, simply circle the appropriate response. For example, circle Y for “yes” and N for “no.” If filling the form electronically, delete all but the appropriate response. For example, for “yes” delete /N/NA, leaving just Y. For “no” delete Y//NA, leaving just N. For check boxes, simply put an “X” in the appropriate box, either electronically or on the hard copy.

If you have any questions about how to fill out the questionnaire, please contact <name>, <telephone>. Completed application forms and supporting documentation should be sent to <name>, <address>. Forms must be received by USAID no later than <date> to be considered for 2005 funding. Forms received after that date will be returned to the *mancomunidad*.

Please see the folder entitled “Annex B – Final Instruments,” on the enclosed CD for the “3 USAID *Mancomunidad* Development Application Form (English version).”



## **Instrumento de Calificación de Mancomunidades de USAID (Spanish version)**

Este instrumento de solicitud forma parte de un nuevo proceso que la Agencia de Estados Unidos para el Desarrollo Internacional (USAID) está utilizando ahora para evaluar que tan preparadas están las mancomunidades en Honduras, para recibir y beneficiarse completamente de la ayuda técnica de USAID. Las respuestas de las mancomunidades, a las preguntas contenidas en este instrumento, proporcionarán la entrada a la primera etapa de un proceso de etapas múltiples en el que USAID identificará a las mancomunidades que tienen la mejor oportunidad de utilizar con éxitos la ayuda técnica a su máximo.

La ayuda técnica específica a las mancomunidades, se enfocará en aquellas mancomunidades necesitan todavía mejorar sus sistemas internos. USAID está buscando aquellas mancomunidades que tiene el deseo político pro-reforma, y que harán el mejor uso de la ayuda.

Dándose cuenta de que la mayoría de las mancomunidades en Honduras están en una etapa embrionaria en su desarrollo, el instrumento requiere que las mancomunidades proporcionen información en dos áreas generales:

- Estatus legal y operacional de la mancomunidad, y
- Solidaridad (incluyendo el compromiso) de los miembros de su municipalidad.

Por favor conteste cada pregunta. No hay respuestas “correctas”. Las mancomunidades se compararán entre sí, no serán categorizadas de acuerdo a una valoración previa.

Además de las preguntas, nosotros pedimos que las mancomunidades proporcionen información acerca de qué tipo de ayuda técnica, ellas consideran prioritaria. Las respuestas a las otras preguntas se evaluarán a la luz de la ayuda técnica que las mancomunidades identifican como una necesidad.

Proporcione también los nombres y contactos para las personas solicitadas en el instrumento, y adjunte toda la documentación solicitada. Los instrumentos a los que les hace falta información, que tienen preguntas sin contestar, o que tienen la documentación incompleta serán regresados a las mancomunidades para su terminación antes de que sean evaluadas por USAID.

Si usted tiene cualquier pregunta acerca de cómo llenar el instrumento, por favor contacte a <name>, <telephone>. Los formularios de solicitud completados y la documentación de soporte deberán ser mandados a <name>, <address>. Los instrumentos completados deberán ser recibidos por USAID antes de <date> Para ser considerado en la financiación del 2005. Los instrumentos recibidos después de esta fecha serán regresados a las mancomunidades.

Please see the folder entitled “Annex B – Final Instruments” on the enclosed CD for “4 *Instrumento de Calificación de Mancomunidades de USAID* (Spanish version).”

## Annex C: Detailed Descriptions of Ranking Variables for Municipalities

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The municipal ranking variables described in this annex are the central part of a procedure for quickly assessing municipalities' ability to receive and make good use of USAID's technical assistance. Full implementation of the procedure will include applying weights to the variables, computing a weighted sum, and combining the result with other information that characterizes municipalities, as discussed in Section 3.0 of this report.

The ranking variables described below are intended to capture a set of values (1) that can be quantified using (2) information that is easily and reliably gathered from any municipality in Honduras, and (3) that capture the essence of certain aspects of municipality government and governance. Together, these variables are intended to provide USAID/Honduras with a "quick assessment" of a municipality's ability to make the best use of USAID's technical assistance.

### Summary of Procedure

In all cases, the primary source of information for these variables will be the mayor of the municipality via an application form (or "survey instrument") that they will be asked to complete. The data gathered in this form will be entered into a spreadsheet that will allow USAID to rank the municipalities either relative to one another, or against a predetermined limit. The spreadsheet will also contain census data and other information that serves to characterize municipalities.

As an addendum to the completed application form, mayors will be asked to provide supporting documentation and other information that can be used to confirm the claims made in the form. We also suggest various methods for verifying the information provided by the mayors. USAID may choose to systematically verify all the information provided in the forms, or to "spot check" only some of the information or only some of the forms.

### Description of the Ranking Variables

The ranking variables measure municipalities in terms of good governance, commitment to, and sustainability of project results over time, and the capacity of municipalities to absorb technical assistance ("absorptive capacity"). Each variable is described in detail below, and summarized in a table at the end of this annex.

The final "score" for each municipality will be a weighted sum of the variables in each of these three categories, with the weights determined by the relative importance of each category to USAID/Honduras' programming needs.

### Good Governance Variables

Ranking variables in the category of "good governance" cover civil society participation, transparency, and community development. There are three variables in this category.

#### *Cabildo* Meetings

**BACKGROUND:** Municipal law requires that a minimum of five *cabildo* meetings be held each year. Although the law does not limit the content of these meetings, *cabildos* are generally used for routine (i.e., anticipated) planning purposes and for information dissemination. Many municipalities hold many more than the minimum number required, while others do not hold even the minimum number. In addition, while many municipalities use their *cabildos* to gather public input and feedback, for others the

*cabildos* are purely informative. Some municipalities broadcast the meetings and make the minutes from the meetings widely and easily available, while others do not.

**PURPOSE:** This variable is intended to measure **civil society participation** by capturing both the quantity and quality of the *cabildo* meetings and **transparency** by measuring the modes and means of dissemination of information about the meetings.

**COMPUTATION:** The total score for this variable is represented by a lowercase “c.” It is the sum of the number of *cabildo* meetings held in the last year that are purely informative, the number that are participatory, and the number of ways in which information resulting from the *cabildo* meetings is disseminated. In this formula, the number of participatory *cabildos* is given twice the value as those that are purely informative. (This is done simply by multiplying the latter by two.) Similarly, posting *cabildo* meeting minutes in an easily accessible public place is given greater emphasis than is simply making them available upon request (also by multiplying by two).

$$c = C_1 + 2C_S + E_1 + 2E_2 + E_3$$

where

$C_1$  is the number of *cabildos* that are purely informative

$C_S$  is the number of *cabildos* that solicit citizen input or feedback, vote on measures, or are otherwise more than just informative

$E_1$  is 1 if *cabildo* meeting minutes are available upon request, or are given to participants at the end of the *cabildo* meeting or at the next *cabildo* meeting

$E_2$  is 1 if *cabildo* meeting minutes are posted on a municipal Bulletin Board, in a public library, or in some other easily accessible public location

$E_3$  is 1 if the meetings themselves are broadcast by radio or television<sup>4</sup>

**THRESHOLDS:** Previous work by FUNDEMUN has indicated that for type C and D municipalities, three *cabildo* meetings per year is realistic. Municipalities of types A and B should be expected to hold at least the legal minimum of five per year. We have found that municipalities who truly engage civil society in their decision making will hold many more *cabildos* than the legal minimum; oftentimes they will hold more than twice the legal minimum. Such municipalities also disseminate the results of the meetings through multiple channels. The thresholds are set accordingly. For municipality types A and B we will require that “c” be at least eight, for municipality types C and D we will require that “c” be at least six.<sup>5</sup>

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** The application form asks the mayor to provide dates of the five most recent *cabildo* meetings, a list of issues discussed at each meeting, and a copy of the minutes from the most recent meeting. The application form will also request that the mayor provide the name and telephone number of at least one member of the Municipal Board. In cases where a *comisionado*

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<sup>4</sup> Broadcasting *cabildo* meetings is not given extra emphasis because we have found that in many cases local radio and television are controlled by political interests, and access to those media are not always granted to a mayor that represents an opposing political party. We did not want to penalize municipalities in such cases.

<sup>5</sup> Thus, in the case of A and B type municipalities, if they hold the legal minimum of five *cabildo* meetings and all of them are participatory, then they will reach the threshold ( $c = 2C_S = 2*5 = 10 > 8$ ). If two are purely information, three are participatory, and the minutes are posted in a public location as well as being made available upon request, then they would also reach the threshold ( $c = C_1 + 2C_S + E_1 + 2E_2 = 2 + 2*3 + 1 + 2*1 = 11 > 8$ ).

*municipal* is assigned, the mayor will be asked to provide the name and telephone number of that individual, as well.

**VERIFICATION:** The Municipal Board member (or *comisionado municipal*) can be asked to verify the number and content of the *cabildo* meetings, as well as the availability of meeting minutes or broadcasts of the meetings themselves.

### Other Civil Society Participation

**BACKGROUND:** *Cabildos* are the primary mechanism for providing information to the public and soliciting public input. As well as being a legal requirement, they also seem to be the most popular mechanism. However, there are several other mechanisms available to municipalities for engaging civil society. Plebiscite meetings, for example, are often used to discuss particularly urgent or time-sensitive issues, while a Transparency Committee can provide continuous monitoring of governance practices. A *Comite de Desarrollo Municipal* can provide focus to specific community development issues. This variable attempts to capture and quantify those other mechanisms.

**PURPOSE:** This variable is intended to provide a second measure of **civil society participation** by quantifying non-*cabildo* mechanisms for engaging civil society and of **transparency** by quantifying the existence and active engagement of a Transparency Committee.

Importantly, some municipalities that conduct fewer than five *cabildo* meetings per year do still engage civil society in some of these other ways. This second civil society participation variable will give such municipalities “credit” for such engagement, whereas recording only *cabildo* meetings would miss it.

**COMPUTATION:** The total score for this variable is represented by an uppercase “C” and is the sum of points given for specific kinds of civil society engagement and transparency assurance. Because of its importance for ongoing monitoring of transparency in governance in general, those components associated with a Transparency Committee are given extra emphasis by multiplication by two.

$$C = C_1 + C_2 + C_3 + C_4 + C_5 + 2C_6 + 2C_7$$

where

$C_1$  is 1 if there has been at least one plebiscite held during the mayor’s current term

$C_2$  is 1 if a *Comite de Desarrollo Municipal* (CODEM) exists

$C_3$  is 1 if at least one meeting of the CODEM was held in the last 12 months

$C_4$  is 1 if a *comisionado municipal* is assigned

$C_5$  is 1 if other general assembly meetings are held to solicit public input

$C_6$  is 1 if there is a Transparency Committee with a general governance (as opposed to project-specific) mandate

$C_7$  is 1 if the Transparency Committee meets at least quarterly

**THRESHOLDS:** The more developed type A and B municipalities can be expected to employ more mechanisms for civil society participation, if only because of their larger populations and concomitant increase in the issues they face. For municipality types A and B, we will require that “C” be at least three; for municipality types C and D we will require that “C” be at least two.

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** For the CODEM and Transparency Committee, the application form asks that the mayor provide a list of names and telephone numbers of committee members. If a *comisionado municipal* has been assigned, a name and telephone number will have already been recorded

as part of the previous variable. The form also requests that the mayor provide the dates of meetings held and a list of issues discussed at each meeting.

**VERIFICATION:** Members of the Transparency Committee and CODEM, and the *comisionado municipal*, can be contacted for verification of their existence and of information about meetings held. The *comisionado municipal* can also be asked to verify other general assembly meetings that are held. (It will be important, for example, that a municipality not take credit for general assembly meetings held by *mancomunidades* of which it is a member.)

### Current Year's Budget

**BACKGROUND:** Having adequate input into the preparation of a municipality's budget is important for several reasons. The professional assistance of financial advisors or external accountants or auditors can help with technical accuracy, while having sufficient input from the public and other key stakeholders can help ensure that money is being allocated to activities that are truly of value to the municipality and the communities it serves.

**PURPOSE:** This variable is intended to capture parameters that indicate the **quality** of the municipal budget in terms of technical input and the **transparency** of the budget preparation process.

**COMPUTATION:** The total score for this variable is represented by a lowercase "b" and is the sum of points given for various inputs, with some inputs given more emphasis than others by using multiplication factors.

$$b = H_1 + H_2 + 3H_3 + 2H_4 + 3H_5 + H_6 + H_0$$

where

$H_1$  is 1 if municipality solicited and received the help of external financial advisors, accountants, or auditors

$H_2$  is 1 if municipality solicited and received input from the Municipal Council

$H_3$  is 1 if municipality solicited and received input from community leaders

$H_4$  is 1 if municipality solicited and received input from the Transparency Committee

$H_5$  is 1 if municipality solicited and received input from the general public

$H_6$  is 1 if municipality solicited and received input from international donors or NGOs

$H_0$  is 1 if municipality solicited and received input from others

**THRESHOLDS:** As with the other variables, the more developed type A and B municipalities can be expected to employ more mechanisms for ensuring accuracy of their budgets, as well as for gathering input from a wide variety of stakeholders. The most developed municipalities, in fact, are more likely to use external auditors as well as to solicit input from the public on the prioritization of planned projects. At the other extreme, very poor type D municipalities cannot afford to hire financial advisors or external accountants/auditors. However, they should still be expected to solicit input from the public for prioritizing projects. For municipality types A and B we will require that "b" be at least six; for municipalities of type C, we will require that "b" be at least four; and for municipalities of type D, we will require that "b" be at least two.

**DATA SOURCE:** Mayor, via written application form (or "survey instrument").

**SUPPORTING DOCUMENTATION:** To confirm the use of external financial advisors, professional accountants, or auditors, the application form asks the mayor to provide a copy of contract, invoice for services, or other written agreement with those professionals. For donor or NGO input, the form requests

that the mayor provides the name and contact information of the donor or NGO project team leader. For all others, we will ask for copies of meeting minutes or resulting reports.

**VERIFICATION:** This variable can be “spot checked” by asking for confirmation from the *comisionado municipal* or—in the case of donor/NGO assistance—the donor/NGO project team leader.

## Commitment and Sustainability Variables

Ranking variables in the category of “sustainability and commitment” captures the “political will” of mayors by looking at their commitment to future investments and the track record of municipalities in maintaining investments already made.

### Plans and Priorities

**BACKGROUND:** The ability of mayors to think beyond next election is an important factor in the growth of the municipality. The ability of mayors to plan and prioritize improvements in their constituent communities and to identify and allocate resources to make those plans reality demonstrates a commitment to improving the lives of citizens.

**PURPOSE:** This variable attempts to measure project **commitment** and **political will** by capturing and prioritizing the needs of the municipality, its communities, and its citizens, and the steps taken to make priority projects a reality.

**COMPUTATION:** This variable consists of two parts, (1) the existence of a strategic plan, capital investment plan, or other plan to guide budget development; and (2) the ability to take the initiative to making priority projects a reality. The total score for this variable is represented by an uppercase “F” and is the sum of one variable, P (indicating the existence of a strategic or similar type plan), plus a sum of three sums, each of the three component sums representing one of three priority projects planned.

$$F = P + (s_{1,1} + s_{1,2} + s_{1,3} + s_{1,4}) \\ + (s_{2,1} + s_{2,2} + s_{2,3} + s_{2,4}) \\ + (s_{3,1} + s_{3,2} + s_{3,3} + s_{3,4})$$

where

P = 1 if a strategic plan, capital investment plan, or other similar plan exists

and, for project  $i$  ( $i = 1, 2, 3$ ),

$p_{i,1}$  is 1 if part of the municipal budget is allocated to the project or municipal staff are dedicated to the project

$p_{i,2}$  is 1 if there are community- or NGO-donated local materials or labor

$p_{i,3}$  is 1 if there are other community, municipal, or other donations

$p_{i,4}$  is 1 if there are other external sources of input to the project

**THRESHOLDS:** All types of municipalities should have some sort of plan, even if it is little more than a list of priorities. All types of municipalities should be able to engage at least one of the types of resources. For instance, even the poorest municipalities should be able to motivate community-donated labor or materials for infrastructure projects, or to allocate municipal staff time for training or other capacity building activities. Because of the wide range of project types possible in this category, however, it may not always be appropriate to expect more than one type of resource. For this reason, the threshold for this variable is set to  $F \geq 4$ .

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** For allocations from municipal budget, the form asks that a copy of the appropriate part of the budget be attached to the form. For municipal staff, the form asks how many staff members are to be dedicated to the project. For other community and NGO contributions, the form asks that they be specified.

**VERIFICATION:** The information can be verified by contacting a member of the Municipal Board or *comisionado municipal* (if assigned). Claimed budget allocations can be checked by comparing to the budget submitted to the *Sec. Gobernación*.

### Sustainability of Completed Projects

**BACKGROUND:** Municipalities avail themselves of a wide variety of investment opportunities and use an equally wide variety of strategies for maintaining the benefit of those investments. These range from donor inputs, to benefits derived from participation in *mancomunidades*, to municipalities’ own investments from their own funds. Additionally, they may incur debt from commercial banks, or accept loans from the *Fundo Hondureño Inversión Social* or grants from NGOs. Strategies for maintaining the projects depend on the nature of the project. Infrastructure projects, such as water and sewer systems, may become “self sustaining” by charging user fees. Smaller projects may be maintained by labor and local materials that are voluntarily provided by the beneficiary community. Projects maintained in this way also typically have a great deal of community input during their design and implementation stages. Both types of projects frequently benefit from ongoing social audits, and sometimes from project-specific transparency committees. Other types of municipal projects, such as parks and public toilets, may be maintained solely through allocations from the municipal budget.

**PURPOSE:** This variable attempts to measure project **sustainability** by capturing how well municipalities are maintaining completed projects.

**COMPUTATION:** The total score for this variable is represented by an uppercase “M” and is the sum of three sums, each of the three component sums representing one of three projects completed in the last two years that the mayor considers to be the “most important.” In general, for both larger infrastructure projects and for smaller community-based projects, community involvement in the project selection, design, and implementation stages tends to increase sustainability after project completion. For this reason, we have included a component that reflects this “pre-completion” involvement.

$$M = (s_{1,1} + s_{1,2} + s_{1,3} + s_{1,4} + s_{1,5} + s_{1,6}) \\ + (s_{2,1} + s_{2,2} + s_{2,3} + s_{2,4} + s_{2,5} + s_{2,6}) \\ + (s_{3,1} + s_{3,2} + s_{3,3} + s_{3,4} + s_{3,5} + s_{3,6})$$

where, for project  $i$  ( $i = 1,2,3$ ),

$s_{i,1}$  is 1 if there is community involvement in selection, design, and implementation of the original project, pre-completion

$s_{i,2}$  is 1 if there is community input (e.g., labor, local materials) to the operation and maintenance (O&M) of the project, post-completion

$s_{i,3}$  is 1 if there is an ongoing community social audit of the project

$s_{i,4}$  is 1 if the municipality has allocated part of its budget to O&M

$s_{i,5}$  is 1 if there is a project-specific transparency committee

$s_{i,6}$  is 1 if the project is supported by external means or other support can be documented



**THRESHOLDS:** For all municipal types, at least one of these sustainability strategies should be employed for each project. Thus, the threshold for this variable is that the total sum, S, is more than three.

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** To confirm community involvement, the application form asks the mayor for the name and telephone number of a community leader involved in project design and in project maintenance or social audits (as appropriate). To confirm the existence of a project-specific transparency committee, the form requests the name and telephone number of a member of that committee. For those projects supported with allocations from the municipal budget, the form asks for a copy of the budget. Finally, mayors will be given the opportunity to cite other support if adequate documentation can be provided.

**VERIFICATION:** The information provided by the mayor can be verified by contacting the appropriate community leader or committee member. Claimed budget allocations can be checked by comparing to the budget submitted to the *Sec. Gobernación*.

## Absorptive Capacity Variables

A municipality’s “absorptive capacity” is an indication of whether or not technical assistance from USAID should be provided now, or should be considered at some future date.

### Staff Availability

**BACKGROUND:** Many municipalities are already benefiting from a great deal of donor assistance. So much, in fact, that they may be hard pressed to effectively absorb additional assistance. Such municipalities, if they are found to be suitable for USAID assistance in the other ways described above, can and should be reconsidered each year for assistance as their other donor projects are completed.

Municipalities have a number of ways of dealing with donor-funded assistance. Some municipalities allocate all of their technical staff to supporting projects, with each staff member working one or two hours a day as project counterparts. Other municipalities allocate one or a few individuals full time to supporting projects. In a few cases, municipalities have allocated a portion of their budgets to fill new positions for project support if and when they are needed.<sup>6</sup> This “staff availability” variable attempts to capture each of these possibilities.

**PURPOSE:** This variable measures the **capacity** of a municipality to effectively absorb technical assistance in terms of staff available to act as counterparts.

**COMPUTATION:** The total score for this variable is represented by an uppercase “A.” It is the number of staff involved in projects (N) multiplied by the hours/week (H) that each of these “counterpart” staff typically works to support projects, on average, minus the staff equivalent (e) of any budget allocations for filling new positions that the municipality may have set aside. This difference is then divided by the total number of staff (M) multiplied by 40 (the total number of hours in a five-day workweek).

$$A = \frac{N \cdot H - 40e}{40 \cdot M}$$

<sup>6</sup> It is likely that only the richer type A and B municipalities will have the luxury of allocating such a contingency.

where

N is the number of staff involved in projects

H is the average number of hours/week spent supporting projects by a typical project-involved staff

M is the total number of municipal staff

$e = 1$  if part of the municipal budget is allocated to new positions which would be filled if and when they are needed to support additional projects. This is subtracted from (or “credited” to) the staff already dedicated to projects

**Note:** It will be assumed that  $H = 40$  if another response is not provided—that is, if this information is left blank in the form. In other words, in the absence of information to the contrary it is assumed that staff assigned to projects work full time on them.

**THRESHOLDS:** Based on our interviews with municipal staff, we determined that total staff time allocated to projects should not be more than a quarter. More than this jeopardizes staff’s ability to carry out their other responsibilities. This is consistent whether the responsibility for the support is spread across many staff members for only a few hours per day, or is concentrated in a few staff members working full or nearly full time. And it is true even where there is budget allocated to one or more new positions, since if the total of this variable including such allocations is greater than 0.25, it indicates that existing staff is already overcommitted.<sup>7</sup>

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** Mayors will be asked to provide the name and contact information of donor project team leader(s).

**VERIFICATION:** Verification that staff are or are not overcommitted can be gained from contacting the donor project team leader(s).

### Staff Ability

**BACKGROUND:** Staff availability is only one part of the equation for considering USAID assistance. The other part is staff ability—the education, experience, and qualifications of key staff, especially of those who will be most effected by the technical assistance. Because even technical positions are sometimes political appointees, staff in key positions may be unqualified for their jobs. One way to account for this is to compare the qualifications of key staff to the required minimum qualifications as described in the municipality’s staffing plan, job postings, staff manuals, or other sources. Unfortunately, only a few municipalities have such documents. For this reason, this variable must be considered an *optional* variable that can be used to distinguish among those municipalities that do have published job requirements.

**PURPOSE:** This variable measures the **capacity** of a municipality to absorb technical assistance in terms of staff ability. In this sense, this variable borders on being “tactical” in nature, since staff ability in one area may not be important for the particular kind of technical assistance being offered. (For instance, the credentials of the head accountant may not be important if the technical assistance is to strengthen the department of cadastre.)

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<sup>7</sup> Note that for planning purposes (i.e., at the “evaluation” level) USAID will need to know *which* staff are committed to what projects, and the end dates of the projects. However, for the “quick assessment” ranking variable, it is adequate to know simply whether the municipality has any excess absorptive capacity.

**COMPUTATION:** For the purposes of computation, only three positions are considered: Accountant, Head of Tax Administration, and Head of Cadastre. These three positions have been identified by mayors as being vital for effective municipal management. The total score for this variable is represented by an uppercase “S,” and is the sum of the qualifications for these three positions.

$$S = T_1 + T_2 + T_3$$

where  $T_i = 1$  if the qualifications the staff member in the key positions meets or exceeds the published minimum qualifications for the position.

Note that the application form also requests information about two additional positions: Head Auditor and Head Treasurer. These were added so that USAID could use them as part of the “tactical” analysis of determining what types of technical assistance might be required.

**THRESHOLDS:** For type A and B municipalities, “S” should be no less than three. That is, all the individuals in the three key positions should meet at least the minimum qualifications for their job categories. For type C municipalities, “S” should be no less than two. For type D municipalities, “S” should be at least one. The reason for allowing lower values for type C and D municipalities is that the poorer municipalities may have a difficult time recruiting and retaining highly qualified individuals, and should not be penalized for this.<sup>8</sup> In fact, USAID may want to consider targeting technical assistance that would help build capacity in areas that may be determined as lacking from this information provided in the application form.

**DATA SOURCE:** Mayor, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** The application form requests that, for those municipalities that do have a staffing plan, published qualifications, or similar document, that a copy be attached.

**VERIFICATION:** The form asks for the name and telephone number of the municipality’s payroll accountant, or individual who acts as the payroll accountant.

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<sup>8</sup> However, type C and D municipalities are the least likely to have published minimum qualifications.



### Summary of Municipal Ranking Variables

Variable	<ul style="list-style-type: none"> <li>• Data Source</li> <li>• Supporting Documentation Required</li> <li>• Means of Verification</li> </ul>	Notes
<b>Good Governance (Civil Society Participation, Transparency, Community Development)</b>		
<b>1. Cabildo meetings (c)</b>  $c = C_1 + 2C_S + E_1 + 2E_2 + E_3$  Thresholds: Types A, B: $c \geq 8$ Types C, D: $c \geq 6$	<b>Data Source:</b> Mayor.  <b>Supporting Documentation:</b> Dates of the 5 most recent <i>cabildo</i> meetings, list of issues discussed, minutes of most recent meeting.  <b>Verification:</b> C's: Ask <i>comisionado municipal</i> (or Municipal Board member if no <i>comisionado municipal</i> is assigned); E's: Copy of publication (if printed) or ask <i>comisionado municipal</i> (if radio or television).	Purpose: Civil society participation + Transparency  $C_1$ = Number of <i>cabildos</i> that are purely informative. $C_S$ = Number of <i>cabildos</i> that solicit citizen input, vote on measures, or are otherwise participatory $E_1$ = 1 if <i>cabildo</i> meeting minutes are available upon request, or are given to participants at the end of the <i>cabildo</i> meeting or at the next <i>cabildo</i> . $E_2$ = 1 if <i>cabildo</i> meeting minutes are posted on a municipal Bulletin Board, in a public library, or in some other easily accessible public location $E_3$ = 1 if the meetings themselves are broadcast  Note: Minimum legal number of <i>cabildo</i> meetings is 5.
<b>2. Other Civil Society Participation (O)</b>  $O = \sum_{n=1}^5 C_n + 2(C_6 + C_7)$  Thresholds: Type A, B: $O \geq 3$ Types C, D: $O \geq 2$	<b>Data Source:</b> Mayor.  <b>Supporting Documentation:</b> For CODEM and Transparency Committee: List of names and telephone numbers of committee members. For <i>comisionado municipal</i> : Name and telephone number. For all others: Dates of meetings and list of issues discussed.  <b>Verification:</b> Transparency Committee and CODEM members, <i>comisionado municipal</i> .	Purpose: Civil society participation + Transparency  $C_1$ = 1 if there was at least one <i>plebiscite</i> held during mayor's current term. $C_2$ = 1 if a <i>Comite de Desarrollo Municipal</i> (CODEM) exists $C_3$ = 1 if at least one meeting of the CODEM was held in last 12 months $C_4$ = 1 if a <i>comisionado municipal</i> is assigned $C_5$ = 1 if other general assembly meetings are held to solicit public input $C_6$ = 1 if there is a Transparency Committee with a general governance (as opposed to project-specific) mandate $C_7$ = 1 if the Transparency Committee meets at least quarterly

Variable	<ul style="list-style-type: none"> <li>• Data Source</li> <li>• Supporting Documentation Required</li> <li>• Means of Verification</li> </ul>	Notes
<p><b>3.</b> Current year's budget developed (b)</p> $b = H_1 + H_2 + 3H_3 + 2H_4 + 3H_5 + H_6 + H_0$ <p>Thresholds:  Type A, B: <math>Y \geq 6</math>  Type C: <math>Y \geq 4</math>  Type D: <math>Y \geq 2</math></p>	<p><b>Data Source:</b> Mayor.</p> <p><b>Supporting Documentation:</b> For <math>H_1</math>: Copy of contract or other written agreement; For <math>H_6</math>: Name and contact information of donor/NGO project Team Leader; For all others: Meeting minutes or copy of report of recommendations given.</p> <p><b>Verification:</b> Ask for confirmation from <i>comisionado municipal</i> or donor/NGO project Team Leader.</p>	<p>Purpose: Technical Quality + Transparency</p> <p><math>H_1</math> = With help of financial advisors or external accountants/auditors.  <math>H_2</math> = With input from Municipal Council.  <math>H_3</math> = With input from community leaders.  <math>H_4</math> = With input from Transparency Committee.  <math>H_5</math> = With input from the general public.  <math>H_6</math> = With input from donors or NGOs.  <math>H_0</math> = With input from others. (Specify.)</p>
<b>Sustainability and Commitment</b>		
<p><b>4.</b> Plans and priorities (F):</p> $M = P + \sum_{i=1}^3 \sum_{n=1}^4 p_{i,n}$	<p><b>Data Source:</b> Mayor.</p> <p><b>Supporting Documentation:</b> For P, copy of the appropriate part of the budget. For all others, the form asks that they be specified.</p> <p><b>Verification:</b> Municipal Board or <i>comisionado municipal</i> (if assigned). For budget, <i>Sec. Gobernación</i>.</p>	<p>Purpose: Commitment + Political Will</p> <p>P = 1 if a strategic plan, capital investment plan, or other similar plan exists</p> <p>For the three (<math>i=1,2,3</math>) highest priority projects:</p> <p><math>p_{i,1}</math> = Part of the municipal budget is allocated to the project or municipal staff are dedicated to it.  <math>p_{i,2}</math> = Community input (e.g., labor, local materials)  <math>p_{i,3}</math> = Other community, municipal, or other donations  <math>p_{i,4}</math> = Other, external, sources of input to the project</p>

Variable	<ul style="list-style-type: none"> <li>• Data Source</li> <li>• Supporting Documentation Required</li> <li>• Means of Verification</li> </ul>	Notes
<p><b>5.</b> Sustainability of completed projects (S):</p> $M = \sum_{i=1}^3 \sum_{n=1}^6 s_{i,n}$ <p>Threshold: All types: <math>M &gt; 3</math></p>	<p><b>Data Source:</b> Mayor.</p> <p><b>Supporting Documentation:</b> For <math>s_{i,1}</math>, <math>s_{i,2}</math> and <math>s_{i,3}</math>: Name and telephone number of a community leader involved. For <math>s_{i,4}</math>: Copy of municipal budget. For <math>s_{i,5}</math>: Name and telephone number for a member of the committee. For <math>s_{i,6}</math>: Other information provided by the mayor, as appropriate.</p> <p><b>Verification:</b> Appropriate community leader or committee member. For budget, <i>Sec. Gobernación</i></p>	<p>Purpose: Sustainability</p> <p>For the three (<math>i=1,2,3</math>) most important projects completed in the last two years:</p> <p><math>s_{i,1}</math> = Community involvement in selection, design, and implementation of original project.</p> <p><math>s_{i,2}</math> = Community input (e.g., labor, local materials) to O&amp;M</p> <p><math>s_{i,3}</math> = Ongoing community social audit of project.</p> <p><math>s_{i,4}</math> = Municipal budget allocated to O&amp;M.</p> <p><math>s_{i,5}</math> = Existence of a project-specific transparency committee (not a general governance TC).</p> <p><math>s_{i,6}</math> = Other. (Specify.)</p>
<b>Absorptive Capacity</b>		
<p><b>6.</b> Staff available to act as counterparts (A):</p> $A = \frac{N \cdot H - 40e}{40 \cdot M}$ <p>Threshold: <math>&lt; 0.25</math></p>	<p><b>Data Source:</b> Mayor.</p> <p><b>Supporting Documentation:</b> Name and contact information of project Team Leader(s).</p> <p><b>Verification:</b> Ask project Team Leader(s).</p>	<p>Purpose: Capacity in terms of staff availability to support projects.</p> <p><math>M</math> = Total number of Municipal staff.</p> <p><math>N</math> = Number of staff involved as “counterparts” in projects</p> <p><math>H</math> = Hours/week, on average, spent supporting projects by the project-involved (i.e., “counterpart”) staff.</p> <p><math>e</math> = 1 if a portion of the municipal budget is allocated to new positions which will be filled if/when they are needed.</p> <p>Note that for planning purposes (i.e., at the “tactical level”) USAID will need to know <i>which</i> staff are committed to what projects, and the end-dates of the projects.</p>

Variable	<ul style="list-style-type: none"> <li>• Data Source</li> <li>• Supporting Documentation Required</li> <li>• Means of Verification</li> </ul>	Notes
<p><b>7. Staff ability (S):</b></p> $S = \sum_{i=1}^3 T_i$ <p>Thresholds:  Type A, B: <math>S = 3</math>  Type C: <math>S \geq 2</math>  Type D: <math>S \geq 1</math></p>	<p><b>Data Source:</b> Mayor.</p> <p><b>Supporting Documentation:</b> Copy of staffing plan, published qualifications, or similar document.</p> <p><b>Verification:</b> Ask municipality's payroll accountant, or other individual who acts as the payroll accountant.</p>	<p>Purpose: Capacity in terms of staff ability to support projects.</p> <p><math>T_1</math> = Qualifications of municipal Accountant meet or exceed published minimum qualifications  <math>T_2</math> = Qualifications of Head of Tax Administration meet or exceed published minimum qualifications  <math>T_3</math> = Qualifications of Head of Cadastre meet or exceed published minimum qualifications</p> <p>Note: This is an OPTIONAL variable that can be used to distinguish among those municipalities that have published job requirements with which to make the comparison. Many municipalities do not have them.</p>



## Annex D: Detailed Descriptions of Ranking Variables for *Mancomunidades*

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### Introduction

*Mancomunidades* are voluntary associations of municipalities sharing common problems and seeking cooperative solutions. Our fieldwork indicated that the most effective *mancomunidades* are those whose member municipalities have similar characteristics.<sup>9</sup> Thus, technical assistance provided via *mancomunidades* can be tailored in a way that attains economies of scale not possible by providing technical assistance on a municipality-by-municipality basis.

### Summary of Procedure

*Mancomunidades* have various ways of functioning, but they always include a board made up of representatives from each of the municipalities. Direction of this board can fall to one of the mayors of a member municipality, a role that is often rotated between mayors. When a separate Technical Unit exists for the management of the *mancomunidad*, then there is typically an Executive Director or equivalent.

The primary source of information for ranking the *mancomunidades* will be an application form (or written “survey instrument”) to be filled in by the Executive Director (or equivalent) of the *mancomunidad*’s Technical Unit.

### Description of Mancomunidad Ranking Variables

*Mancomunidades* are a relatively new phenomenon in Honduras. Because they are new, few have yet established a track record of effective use of technical assistance and therefore must be evaluated on other criteria. Of particular importance will be the commitments of the member municipalities to fully participating in the *mancomunidad* (or *mancomunidades*) of which they are a member. So part of the ranking of *mancomunidades* will be to rate their member municipalities.

The ranking variables described below measure *mancomunidades* in terms of their legal status, their operational status, and certain characteristics of their member municipalities.<sup>10</sup> Each variable is described in detail below, and summarized in a table at the end of this document.

The final “score” for each *mancomunidad* will be a weighted sum of the variables in each of these three categories.

### Legal Status Variable

One ranking variable in the category of “legal status” captures the establishment of the *mancomunidad* as an independent legal entity.

#### Legal Status

**BACKGROUND:** It is important that a *mancomunidad* establish itself as an independent legal entity. This is a two-step process. The first step is to establish an inter-municipal agreement, or multilateral memorandum of understanding, signed by all the member municipalities in which they agree to the terms

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<sup>9</sup> Municipalities that are similar terms of their population and level of economic development share common concerns and priorities, resulting in a level of cohesion that is missing in *mancomunidades* whose member municipalities are dissimilar.

<sup>10</sup> Longevity of the *mancomunidad* as an independent entity is not included in the list of categories. The nature of *mancomunidades* is to address issues of common concerns.

and conditions of the *mancomunidad*. The second step is to register with the *Sec. Gobernación*. Once these two steps have been completed, the *mancomunidad* has all the legal rights and responsibilities of a municipality, including the right to enter into contracts and the responsibility to report budgets and expenditures to central government.

**PURPOSE:** This variable is intended to validate the **legal status** of the *mancomunidad*.

**COMPUTATION:** A *mancomunidad* has attained full legal status once an agreement exists that establishes the terms and conditions of the *mancomunidad*, signed by all the member municipalities, and that agreement has been approved and registered by the *Sec. Gobernación*. As the *mancomunidad* matures, it will develop more detailed bylaws, articles of association, regulations, or similar documents that go beyond the minimum required to attain legal status. This variable is represented by an uppercase “L” and is the sum of three parameters:

$$L = A + R + D$$

where

A is 1 if an agreement exists and is signed by all the member municipalities.

R is 1 if this agreement has been registered and approved by the *Sec. Gobernación*.

D is 1 if there are additional bylaws, articles of association, regulations, or other documents that go beyond the minimum required to attain legal status

Otherwise, each is 0.

**THRESHOLD:** *Mancomunidades* can operate surprisingly effectively without approval and registration by the *Sec. Gobernación* when their member municipalities are committed to them and the *mancomunidad* is responsive to municipalities’ needs. In some cases, USAID may want to consider providing some technical assistance to *mancomunidades* that have signed agreements but for which the agreement has not yet approved and registered, or for which it is still in process. For this reason we set the threshold to be L at least one.<sup>11</sup>

**DATA SOURCE:** Executive Director (or equivalent) of the *mancomunidad*’s Technical Unit, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** Copy of signature page of inter-municipal agreement and copy of registration notification provided to the *mancomunidad* from the *Sec. Gobernación*.

**VERIFICATION:** The registration can be verified with the *Sec. Gobernación*.

## Operational Status Variables

Many *mancomunidades* in Honduras are still little more than concepts with no written agreement, no established Technical Unit, and no part- or full-time staff. Even those with established Technical Units may not have a strategic or business plan, nor even a list of prioritized projects. In such situations, it seems that the formation of the *mancomunidad* is little more than municipalities following a popular social and political trend. It will be important for USAID to distinguish such situations from serious efforts of municipalities to organize themselves and cooperatively address shared problems. This variable

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<sup>11</sup> This variable can also be used “tactically” by raising the threshold. For instance, for some types of technical assistance USAID may want to include only *mancomunidades* with L = 2, i.e., those which with USAID can enter into a legally binding contract. For other types of technical assistance, USAID may want to select only the most mature *mancomunidades*, those with L = 3.

provides a measure for doing that by determining the actual operational (not just the legal) status of a *mancomunidad*.

## Technical Unit

**BACKGROUND:** Without an established Technical Unit, working with a *mancomunidad* will be little different from working with its individual member municipalities, and the benefit of economies of scale will be missed. A Technical Unit provides a focal point for the *mancomunidad*, a place to which community leaders can come with their problems, and a place from which solutions can be coordinated.

**PURPOSE:** This variable measures the **operational status** of the *mancomunidad* in terms of the adequacy of the Technical Unit to serve its member municipalities.

**COMPUTATION:** The total score for this variable is measured by an uppercase “T” and is the sum of two parts. The first part is the ratio of the number of full-time equivalent staff times 30,000<sup>12</sup> divided by the population of region covered by the *mancomunidad*. The second part is the nearest integer of the ratio of technical to administrative staff. If the number of technical staff is greater than the number of administrative staff, this number will be at least one. If the number of administrative staff is twice (or more) than the number of technical staff, this number will be zero. The idea is to distinguish between *mancomunidades* that are “top heavy” with administrative staff, versus those that are investing in the expertise most likely to advance in various technical areas.

$$T = T_1 \text{ AND } T_2$$

$$T_1 = (N * 30,000) / (P_1 + P_2 + P_3 + \dots P_N)$$

where

N is the number of staff in terms of full-time equivalents,

$P_i$  is the population the *i*th member municipality (so that the sum is the total population of the region covered by the *mancomunidad*)

$$T_2 = \text{INT} (E_1 / E_2)$$

where

$E_1$  is the total number of staff, in terms of full-time equivalents, who fall into the following categories: accountant, treasurer, and other financial officer; and engineer, agronomist, forester, architect, environment specialist, and other technical specialist.

$E_2$  is the total number of staff, in terms of full-time equivalents, who fall into the following categories: Executive Director, executive assistant, secretary, receptionist, IT support, marketing, document production, office helper, driver, or other non-finance administrative position.

Note: Although the application form asks *mancomunidades* to distinguish between paid and volunteer staff, the equations used to compute this variable do not distinguish the two.

<sup>12</sup> The number 30,000 was selected based on our field interviews. We found that the more effective *mancomunidades* had staff adequate to cover their constituencies at a ratio of 1 staff per 30,000 in population, while the least effective *mancomunidades* did not. In other words, the *mancomunidad* required at least one staff member for each 30,000 in population to be adequately responsive. This number is empirical—based on interviews with 10 *mancomunidades*—and can be modified if necessary as more data are gathered from additional *mancomunidades*.

**THRESHOLD:** Based on the results of our field interviews, we set the threshold for this variable to be  $T_1 \geq 3$  AND  $T_2 \geq 1$ . Thus, a Technical Unit should have staff of at least one full-time equivalent for each 30,000 in population covered (for a total of at least three). Furthermore, the number of non-finance administrative staff should be not more than twice the number of technical staff (with financial officers included among the technical staff). For a *mancomunidad* to meet this threshold, both criteria must apply.

**DATA SOURCE:** For the number of staff  $N$ , the data source will be the Executive Director (or equivalent) of the *mancomunidad's* Technical Unit, via written application form (or “survey instrument”). The population data (from the 2000 census) will be part of the spreadsheet used by USAID to compute the ranking variable.<sup>13</sup> The Executive Director will also be asked to provide the name and contact information of the individual that acts as the *mancomunidad's* payroll accountant.

**SUPPORTING DOCUMENTATION:** Staff payroll records or similar indications of staff employment.

**VERIFICATION:** Payroll accountant.

### Plans and Priorities

**BACKGROUND:** The *mancomunidades* with the greatest likelihood of success are those that have identified specific issues that need to be addressed. *Mancomunidades* formed solely for general reasons such as “human resource development” or “sustainable development” without a list of specific projects or goals are less likely to be perceived as providing value to their member municipalities, who will want to see results.

**PURPOSE:** This variable measures the **operational status** of the *mancomunidad* in terms of the adequacy of its planning for capturing and prioritizing the needs of its member municipalities.

**COMPUTATION:** The total score for this variable is measured by an uppercase “O” and is the sum of two parameters:

$$O = p + l$$

where

$p$  is 1 if a strategic plan or similar type of plan exists, and

$l$  is 1 if there is a list of municipal needs or projects to address those needs, with each project assigned a clear priority relative to the others,<sup>14</sup>

Otherwise, both are 0.

**THRESHOLD:** We set the threshold for this variable at  $O = 1$ , so that the *mancomunidad* must have at least one or the other.

**DATA SOURCE:** Executive Director (or equivalent) of the *mancomunidad's* Technical Unit, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** Copy of the plan and/or the list of priority projects. The Executive Director will also be asked to provide the name and telephone number of at least one member of the *mancomunidad's* board in addition to the Executive Director. *Mancomunidades'* ability to clearly prioritize projects in the application form itself provides an added check.

<sup>13</sup> Although some may question the accuracy of the 2000 census, these data are used to ensure comparability among all the municipalities and *mancomunidades* in Honduras.

<sup>14</sup> Note that such a list may be part of the strategic or other plan—it need not be a separate list.

**VERIFICATION:** Contact at least one member of the board.

## Characteristics of Member Municipalities

### Solidarity of Member Municipalities

**BACKGROUND:** Our discussions with *mancomunidad* staff and representatives from their member municipalities indicated that the most effective *mancomunidades* are those whose member municipalities are relatively homogenous—that is, which have similar characteristics and needs. *Mancomunidades* whose members are very different in terms of their population or level of economic development do not share common concerns and priorities as well as do those with more similar characteristics. While type C and D municipalities may hope that a type A municipality will “pull them” along in development, what more often happens is that the type A municipality sees little benefit in participating in the *mancomunidad* and does not engage in *mancomunidad* assembly meetings, planning meetings, or other activities. Alternatively, very populous municipalities may dictate terms that are not aligned with the needs of much less populated ones.

**PURPOSE:** This variable measures the **homogeneity** (or “solidarity”) of the *mancomunidad* in terms of its member municipalities.

**COMPUTATION:** The total score for this variable is denoted by an uppercase “H” and is the absolute value of the difference between the two member municipalities with the most different FUNDEMUN municipal types:

$$H = |t_2 - t_1|$$

where

$t_2$  is the numerical value associated with the member municipality having the highest (most developed) FUNDEMUN type (with A = 1, B = 2, C = 3, and D = 4)

$t_1$  is the numerical value associated with the member municipality having the lowest (least developed) FUNDEMUN type (with A = 1, B = 2, C = 3, and D = 4)

**THRESHOLD:** The threshold for this variable is “H” no greater than 1. In other words, no one member municipalities are more than one FUNDEMUN type from any other member municipality.

For example, if all the *mancomunidad*’s member municipalities are of the same type, then  $H = 0$ . If the member municipalities differ by not more than one type (e.g., all are type B or C, or all are type C or D) then  $H = 1$ . In both these cases, the homogeneity in terms of municipality type is considered to be good, and the *mancomunidad* will meet the threshold.  $H \geq 2$  is considered to be inhomogeneous in terms of the member municipalities. For example, if one of the characteristics of member municipalities is of type A and any other member municipality is of type C, then  $H = 2$  and the *mancomunidad* will not meet the threshold.

**DATA SOURCE:** The list of participating municipalities will be requested of the Executive Director (or equivalent) of the *mancomunidad*’s Technical Unit, via written application form (or “survey instrument”). The data for this computation (i.e., the municipal types) are provided as part of the spreadsheet USAID will use to compute the *mancomunidad* ranking variables.

**SUPPORTING DOCUMENTATION:** Copy of signature page for inter-municipal agreement, with names of member municipalities clearly indicated.

**VERIFICATION:** Verification should not be needed for this variable, since the data are taken from the spreadsheet that is part of USAID’s methodology. However, if there is any question about the list of member municipalities, then this could be verified with the *Sec. Gobernación* if the *mancomunidad* is registered, or with a member of the Board if it is not.

### Commitment of Member Municipalities

**BACKGROUND:** The internal operations of *mancomunidades* are financed largely through pledges (*cuota de participación*) from their member municipalities, although once established many *mancomunidades* also benefit from considerable donor assistance for the implementation of specific projects. Institutionally, a *mancomunidad* will only be sustainable if its member municipalities honor their commitments by paying their pledges in a timely manner.

**PURPOSE:** This *mancomunidad* ranking the member municipalities’ **commitment** to the *mancomunidad*.

**COMPUTATION:** The total score for this variable is represented by an uppercase “P” and is the ratio:

$$P = ( p_1 + p_2 + p_3 ) / 3N$$

where

- $p_1$  is the number of municipal pledges that are delinquent for the current quarter
- $p_2$  is the number of municipal pledges that were delinquent for the last quarter
- $p_3$  is the number of municipal pledges that were delinquent for the quarter previous to the last one
- N is the number of member municipalities (N is multiplied by 3 for the 3 quarters over which this variable is computed)

**THRESHOLD:** The closer “P” is to 0, the better.  $P = 0$  means that no municipality has been delinquent in the payment of its pledges for any of the last three quarters. In order to allow some flexibility, especially for *mancomunidades* with many type D municipalities as members (for which cash flow may be an issue), we set the threshold for this variable at 0.33, so that no more than a third of municipalities are routinely delinquent in the payment of their pledges.

**DATA SOURCE:** Executive Director (or equivalent) of the *mancomunidad*’s Technical Unit, via written application form (or “survey instrument”). The Executive Director will be asked to also provide the name and contact information for the *mancomunidad*’s accountant or treasurer.

**SUPPORTING DOCUMENTATION:** A copy of the *mancomunidad* accounts showing the date of payment of all member municipalities’ pledges.

**VERIFICATION:** Contact the *mancomunidad*’s accountant or treasurer, or the mayor(s) of the delinquent municipalities.

### Stability of the *Mancomunidad*

**BACKGROUND:** Municipalities can resign from a *mancomunidad* at any time, and this can undermine the credibility of the *mancomunidad*. On the other hand, if the *mancomunidad* is not being responsive to municipality needs, resigning municipalities can be a signal to an ineffective *mancomunidad*. Municipalities may not officially resign, but may signal their lack of interest by not participating in the *mancomunidad*’s general assembly meetings. Such non-engagement also sends a clear signal of lack of interest on the part of the municipality.

**PURPOSE:** This variable measures the internal **stability** of the *mancomunidad* in terms of the stability of its membership.

**COMPUTATION:** This variable is represented as an uppercase “S” and is the sum of two values, the rate of resignation of member municipalities and the attendance rate of municipalities at the *mancomunidad*’s general assembly meetings.

$$S = \text{Ave} \left( \frac{r_C}{N_C} + \frac{r_P}{N_P} \right) + \frac{a}{N_C}$$

where

$r_C$  is the number of municipalities that resigned from the *mancomunidad* in the current year

$r_P$  is the number of municipalities that resigned from the *mancomunidad* in the last year

$a$  is the number of municipalities that did not send representatives to the last two general assembly meetings

$N_C$  is the number of member municipalities in the *mancomunidad* at the beginning of the current year

$N_P$  is the number of member municipalities in the *mancomunidad* at the beginning of the previous year

Using both  $N_C$  and  $N_P$  in the computation is intended to account, at least partially, for the additional of any new municipalities that may have joined the *mancomunidad* in the two year period being analyzed, and may (if they were not accounted for) otherwise offset the loss of municipalities that had resigned.

**THRESHOLD:** The closer “S” is to 0, the better.  $S = 0$  means that no municipalities have resigned, and all municipalities are attending the *mancomunidad*’s general assembly meetings. We set the threshold for this variable to be at most 0.20, which allows some flexibility for extenuating circumstances.

**DATA SOURCE:** Executive Director (or equivalent) of the *mancomunidad*’s Technical Unit, via written application form (or “survey instrument”).

**SUPPORTING DOCUMENTATION:** The Executive Director will be asked to submit attendance records for the last two assembly meetings and a record of changes in membership. The record could be letters of resignation of municipalities, the minutes of appropriate assembly meeting where the subject was discussed, or changes to the multi-lateral municipality agreement that would reflect such changes.

**VERIFICATION:** Contact at least one member of the board, other than the Executive Director.





### Summary of Mancomunidad Ranking Variables

• Variable • Threshold	• Data Source • Supporting Documentation • Means of Verification	• Purpose of Variable • Input Parameters
<b>Legal Status</b>		
<b>1. Legal status (L)</b>  $L = A + R + D$  Threshold: $L \geq 1$	<b>Data Source:</b> Executive Director (or equivalent) of Technical Unit.  <b>Supporting Documentation:</b> Copy of signature page of inter-municipal agreement and copy of registration notification from <i>Sec. Gobernación</i> .  <b>Verification:</b> <i>Sec. Gobernación</i>	Purpose: Legal status  $A =$ 1 if an agreement exists and is signed by all the member municipalities. (0 otherwise)  $R =$ 1 if the agreement (A) has been registered and approved by the <i>Sec. Gobernación</i> . (0 otherwise)  $D =$ 1 if additional detailed bylaws, letters of association, regulations or similar documents exist beyond the minimum required to attain legal status. (0 otherwise)
<b>Operational Status</b>		
<b>2. Technical Unit (T)</b>  $T = T_1 \text{ AND } T_2$  where $T_1 = \frac{N * 30,000}{\sum P_N}$  and $T_2 = \text{INT} ( E_1 / E_2 )$  Threshold: $T_1 \geq 3 \text{ AND } T_2 \geq 1$	<b>Data Source:</b> Executive Director (or equivalent) of the <i>mancomunidad's</i> Technical Unit, via written application form (or “survey instrument”). The population data (from the 2000 census) will be part of the spreadsheet used by USAID to compute the ranking variable.  <b>Supporting Documentation:</b> Name and contact information of the individual that acts as the <i>mancomunidad's</i> payroll accountant.  <b>Verification:</b> Payroll accountant	Purpose: Operational status  $P_i =$ population of the $i^{\text{th}}$ municipality, for $i = 1, \dots, N$ where N is the number of member municipalities  $E_1 =$ total number of staff, in FTEs, who fall into the following categories: accountant, treasurer, other financial officer; engineer, agronomist, forester, architect, environment specialist, and other technical specialist  $E_2 =$ total number of staff, in FTEs, who fall into the following categories: Executive Director, executive assistant, secretary, receptionist, IT support, marketing, document production, office helper, driver, or other non-finance administrative position.

• Variable • Threshold	• Data Source • Supporting Documentation • Means of Verification	• Purpose of Variable • Input Parameters
<b>3. Plans and Priorities (O)</b>  $O = p + l$  Threshold: $O = 1$	<b>Data Source:</b> Executive Director (or equivalent) of Technical Unit.  <b>Supporting Documentation:</b> Copy of the plan and/or the list of priority projects.  <b>Verification:</b> Member of the <i>mancomunidad's</i> Board (other than the Executive Director).	Purpose: Operational status  $p =$ 1 if a strategic plan or similar type plan exists (0 otherwise)  $l =$ 1 if there is a list of municipal needs or projects to address those needs, with each project assigned a clear priority relative to the others (0 otherwise)
<b>Characteristics of Member Municipalities</b>		
<b>4. Solidarity (Homogeneity) of Member Municipalities (H):</b>  $H =  t_2 - t_1 $  Threshold: $H \leq 1$	<b>Data Source:</b> Names of municipalities: Executive Director. (Municipal types are part of USAID's ranking spreadsheet.)  <b>Supporting Documentation:</b> Copy of signature page for inter-municipal agreement.  <b>Verification:</b> None required.	Purpose: Homogeneity of <i>Mancomunidad</i>  $t_2 =$ numerical value associated with member municipality having highest (most developed) FUNDEMUN type (A = 1, B = 2, C = 3, D = 4)  $t_1 =$ numerical value associated with member municipality having lowest (least developed) FUNDEMUN type (A = 1, B = 2, C = 3, D = 4)
<b>5. Commitment of Member Municipalities (P):</b>  $P = (\sum_{n=1}^3 p_n) / 3N$  Threshold: $P \leq 0.33$	<b>Data Source:</b> Executive Director (or equivalent) of Technical Unit.  <b>Supporting Documentation:</b> Copy of <i>mancomunidad</i> accounts showing date of payment of municipalities' pledges.  <b>Verification:</b> <i>Mancomunidad's</i> accountant or treasurer, or mayor(s) of delinquent municipalities.	Purpose: Commitment  $p_1 =$ number of municipal pledges delinquent for current quarter $p_2 =$ number of municipal pledges delinquent for last quarter $p_3 =$ number of municipal pledges delinquent for quarter previous to the last one $N =$ number of member municipalities

<ul style="list-style-type: none"> <li>• Variable</li> <li>• Threshold</li> </ul>	<ul style="list-style-type: none"> <li>• Data Source</li> <li>• Supporting Documentation</li> <li>• Means of Verification</li> </ul>	<ul style="list-style-type: none"> <li>• Purpose of Variable</li> <li>• Input Parameters</li> </ul>
<b>Stability</b>		
<p><b>6.</b> Stability of the <i>mancomunidad</i> (S):</p> $S = \text{Ave} \left( \frac{r_C}{N_C} + \frac{r_P}{N_P} \right) + \frac{a}{N_C}$ <p>Threshold: <math>\leq 0.20</math></p>	<p><b>Data Source:</b> Executive Director (or equivalent) of Technical Unit.</p> <p><b>Supporting Documentation:</b> Assembly meeting attendance records; record of changes in membership.</p> <p><b>Verification:</b> A member of the Board.</p>	<p>Purpose: Stability of the <i>mancomunidad</i> in terms of the stability of its member municipalities.</p> <p><math>r_C</math> = number of municipalities that resigned from <i>mancomunidad</i> in current year</p> <p><math>r_P</math> = number of municipalities that resigned from <i>mancomunidad</i> last year</p> <p><math>a</math> = number of municipalities that did <u>not</u> send representatives to the last two general assemblies</p> <p><math>N_C</math> = number of member municipalities in <i>mancomunidad</i> at the beginning of current year</p> <p><math>N_P</math> = number of member municipalities in <i>mancomunidad</i> at the beginning of previous year</p>



## Annex E: Suggested “Tactical Variables” and Performance Monitoring Indicators

Municipalities assessed as having acceptable sustainability quotients in Stage 1—Assessment Stage, can be evaluated both for the type of technical assistance they need, and for their commitment to making good use of the technical assistance they receive. We call this Stage 2 of the process, the Evaluation Stage, and it would consist of a set of qualitative evaluation methodologies and quantitative “**tactical**” variables. The qualitative evaluation methodologies are targeted to assessing a municipality’s actual commitment to accepting and making good use of USAID’s technical assistance. The “tactical” variables are targeted to providing USAID with information about what kinds of technical assistance are needed.

The first part of the qualitative evaluation methodology might consist of a telephone interview with the mayor, or request from the mayor for an essay, on his/her vision for the municipality in the next five, 10, and 50 years. The idea is to identify those mayors who are thinking strategically on behalf of their citizens. Mayors whose long-term vision shows that they are thinking strategically, and whose long-term vision matches the goals and objectives of USAID/Honduras, could then be evaluated further to determine the types of technical assistance needed. Examples of such “tactical variables” are shown in the table below

**Examples of “Tactical Variables” (What kinds of interventions?)**

<b>Tactical Variable</b>	<b>Notes</b>
Sources of revenue; relative amounts of various revenue sources.	If little revenue is coming from property versus business taxes, then a municipality may need help developing their cadastre.
Ratio of debt to revenue <u>or</u> ratio of debt to expenditures	If a municipality is carrying a lot of debt, they may need help to restructure their debt.
Education of municipal staff cadastre specialist (or other position(s) identified as “key”)	The training and education of staff member in charge of the cadastre should meet certain minimum requirements. If he/she does not, provision of such training may be appropriate.
Use of revenue from de-concentrated services	Revenue should be going back into service provision, not municipal administration. If the latter, the municipality may need assistance developing their other (local) sources of revenue.

Once the type of technical assistance needed is determined, then a second component of the qualitative evaluation might be firm commitment on the part of the mayor to allocate municipal staff and resources to support the USAID-provided technical assistance. This might include evidence that the mayor has allocated part of the municipal budget to provide this support, and even evidence that he/she has communicated this commitment to the general public. Other requirements might be obtaining a promise from the current mayor that the municipality will retain its financial records when he/she leaves office, with a public announcement of this promise verified by the *comisionado municipal*. Upon departure of the mayor, an official, public presentation of the financial records to the next, incoming mayor would assure continued USAID support. (USAID may also want to put in place additional mechanisms for safeguarding the financial records, so the incoming mayor will not be penalized by an outgoing mayor who does not make good on his/her promise.)

Once the project is underway, performance monitoring indicators will be used to measure progress. These will depend, of course, on the exact nature of the technical assistance and what it hopes to achieve. Some of the “tactical variables,” when monitored over time, can also be used as performance monitoring

indicators. We present these ideas as they may provide USAID some food for thought when the time comes to select performance indicators.

### Examples of Performance Monitoring Indicators

Indicator	Notes
Increased revenue from local sources	An increase in revenue from local sources might indicate sustainability and service provision. It may be necessary to compute the relative, rather than the absolute amount of revenue (in case the total amount decreases).
Decreased dependence on central government	This is another way of computing the same trend as “increased revenue from local sources.” Which one is chosen would depend on data availability and reliability.
Percent of total revenue allocated to staff salaries	This indicator should decrease over time, with a goal of less than 85% of total revenue going to staff salaries.
Percent of budget that goes to service debt	The percent of budget that goes to service debt should decrease over time, with a goal of less than 60%.
Nature of debt (what used for)	Combining this qualitative information with the quantitative information of the previous indicator would provide complementary information.
% of total revenue from central government transfers	This indicator should decrease over time, showing decreased dependence on central government as increased self-reliance.
Diversity of income from local sources	The diversity of sources should increase over time, so as not to concentrate the tax burden on one or two types of taxpayer.
Percent coverage of basic services	Should increase over time. Which service to monitor depends, of course, on the nature of the USAID assistance.
Use of revenue from de-concentrated services	Increase in use for service provision, decrease use for municipal administration. Goal: 100% of revenue used to maintain and improve service provision (none for municipal administration).

## Annex F: Place Name Variations in Master Spreadsheet

The table below provides a summary of the place name found when comparing the place name spellings from the 2000 Census to the place name spellings used in the list of municipal types as provided to the ARD team by USAID. When there is a difference in spelling, the 2000 Census data shall prevail.

**Place Name Spelling Differences**

Department	Municipality Name, 2000 Census	Municipality Name, List of Municipality Types
ATLANTIDA	Florida	Esparata
COLON	Santa Rosa de Aguán	Sta. Rosa Aguán
COLON	Sonaguera	Sonaguera Saba
COMAYAGUA	La Trinidad	Trinidad
COMAYAGUA	San José de Comayagua	Sn. José Comay.
COMAYAGUA	San José del Potrero	Sn. José Potrero
COMAYAGUA	Villa de San Antonio	Villa sn. Antonio
COPAN	Santa Rosa de Copán	Sta. Rosa Copán
COPAN	San Juan de Opoa	San Juan Opoa
COPAN	San Pedro de Copán	Sn. Pedro Copán
COPAN	Trinidad de Copán	Trinidad
CORTES	San Antonio de Cortés	San Antonio
CORTES	San Francisco de Yojoa	San Fco. Yojoa
CORTES	Santa. Cruz de Yojoa	Sta. Cruz Yojoa
CHOLUTECA	Concepción De Maria	Concepción Ma.
CHOLUTECA	San Antonio de Flores	Sn. Antonio F.
CHOLUTECA	San Marcos de Colon	Sta. M. Colon
CHOLUTECA	Santa Ana de Yusguare	Sta. Ana Y.
EL PARAISO	San Antonio de Flores	San A. Flores
EL PARAISO	Vado Ancho	Bado Ancho
FRANCISCO MORAZAN	Sabanagrande	Sabana Grande
FRANCISCO MORAZAN	San Antonio de Oriente	San Antonio O.
FRANCISCO MORAZAN	San Buenaventura	Sn. Buenaventura
FRANCISCO MORAZAN	San Juan de Flores	San Juan Flores
FRANCISCO MORAZAN	Villa de San Francisco	Villa de San Fco.
GRACIAS A DIOS	Juan Francisco Bulnes	Juan Fco. Bulnes
INTIBUCA	Jesús de Otoro	Jesús Otoro
INTIBUCA	San Fransisco de Opalaca	Sn. Fc. Opalaca
ISLAS DE LA BAHIA	José Santos Guardiola	José S. Guardiola
LA PAZ	Mercedes de Oriente	Mercedes de O.
LA PAZ	San Antonio del Norte	San Antonio N.
LA PAZ	San Pedro de Tutule	Sn. Pedro Tutule
LA PAZ	Santiago de Puringla	Santiago Puringla
LEMPIRA	San Fransisco	San Frco.
LEMPIRA	San Juan Guarita	Sn. Juan Guarita
LEMPIRA	San Manuel Colohete	San Manuel C.
OCOTEPEQUE	Lucerna	(not listed)
OCOTEPEQUE	San Fernando	Sn. Fernando
OCOTEPEQUE	San Fransisco de Valle	San Fco. Valle

Department	Municipality Name, 2000 Census	Municipality Name, List of Municipality Types
OCOTEPEQUE	Santa Fe	San José
OLANCHO	Dulce Nombre de Culmi	Dulce N. Culmi
OLANCHO	Esquipulas del Norte	Esquipulas N.
OLANCHO	San Fransisco de Becerra	San Fco. Becerra
OLANCHO	San Fransisco de La PAx	Sn. Fco. La Paz
OLANCHO	Santa María de Real	Sta. Ma. Real
SANTA BARBARA	Concepción del Norte	Concepción N.
SANTA BARBARA	Concepción del Sur	Concepción S.
SANTA BARBARA	San Fransisco de Ojuera	San Fco. Ojuera
SANTA BARBARA	San José de Colinas	San José Colinas
SANTA BARBARA	San Pedro Zacapa	San Pedro Z.
SANTA BARBARA	San Vincente Centenario	San Vincente C.
SANTA BARBARA	Santa Rita	Sta. Rita
VALLE	San Fransisco de Coray	Sn. Fco. Coray